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China Report

ECONOMIC AFFAIRS

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9 December 1985

CHINA REPORT ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

IMPORTANCE OF CORRECT POLICIES FOR ENTERPRISE REFORM DISCUSSED

Beijing QIYE GUANLI [ENTERPRISE MANAGEMENT] in Chinese No 7, 5 Jul 85 pp 3-5

[Commentary: "Draw Distinctions in Accordance with Policy, Accelerate Reform of Enterprises"]

[Text] After the CPC Central Committee made its plan to correct new unhealthy tendencies, various localities across the country immediately went into action and have achieved notable results. At the moment, the several gusts of unhealthy winds have been curbed, the reform is progressing steadily and a situation characterized by sustained, stable and harmonious national economic development is also improving.

The basic objective of correcting new unhealthy tendencies is to enhance party spirit and accelerate and ensure the smooth and healthy progress of the reform. The state industrial and commercial enterprises are the focal points of the reform and also represent an important aspect in correcting the unhealthy tendencies. For this reason, drawing distinctions according to policy and differentiating and dealing with issues in the spirit of seeking truth from facts are of great significance in accurately and effectively correcting the new unhealthy tendencies and accelerating and ensuring enterprise reform. What distinctions should be drawn according to policy by the state industrial and commercial enterprises in correcting the new unhealthy tendencies? The following are the six principal distinctions:

I. Making Distinction Between the New Unhealthy Tendencies and Mistakes Made During the Reform

These are issues of two different natures. In making distinctions between the two, a most fundamental point is to determine whether the concern is for the prosperity and wealth of the country and the well-being of the people or for the private ends of individuals or coteries. If it is for the prosperity and wealth of the country and the well-being of the people and the mistakes made were due to lack of experience and other factors, then it is a mistake made during the reform; if it involves seeking private ends for individuals or coteries by taking advantage of the reform and power in office and other conveniences in work in disregard of the total interests of the state and the people, then it is an unhealthy tendency. Since the nature of the issues is different, the people involved should be dealt with differently. In dealing

with those who made mistakes in handling affairs during the reform due to lack of experience and failed to draw clear distinctions, specific steps should be taken to educate them so that they can draw a lesson there from and to support and encourage them to continue exploration and experimentation in work so as to open up a new situation for the reform. In dealing with those who sought unlawful interests for their own units or coteries, steps should be taken to confiscate their unlawful gains and the necessary disciplinary action initiated against them commensurate with the seriousness of their cases. Those who violated the law and discipline, engaged in malpractices for selfish ends and lined their pockets with public funds should not be tolerated or ignored under any circumstances and must be thoroughly investigated and severely dealt with. The issue that merits our attention at present is that some localities have regarded the mistakes made during the reform and even certain exploratory and experimental measures and methods as unhealthy tendencies and called for disciplinary actions; this is wrong. While some exploratory and experimental measures and methods adopted during the reform might be inadequate, they are nevertheless, in keeping with the orientation of the reform and certain problems that cropped up were due to faulty implementation or interference encountered in the course of implementation. In dealing with such issues, therefore, we should proceed from realities, analyze the situation specifically, make a clear distinction between right and wrong, affirm those that merit affirmation and correct those that should be corrected and pay attention to protecting the new things which emerged during the reform.

A vague idea should be clarified here, that is, some comrades have blamed the rise of unhealthy tendencies on reform. According to them, reform brought on the unhealthy tendencies and correcting the unhealthy tendencies would hurt the reform. This is a misunderstanding of the relationship between correcting the unhealthy tendencies and the reform. With regard to this matter, the leading comrades at the central level have pointed out specifically time and again that it was the unhealthy party style that precluded reform and that proper party style would make reform prevail. They also pointed out that the new unhealthy tendencies had no inherent connection with the reform. One of the very important factors contributing to this kind of misunderstanding by these comrades is that they have failed to make a clear distinction between the mistakes made during the reform and the unhealthy tendencies. Generally speaking, the mistakes made during the reform stem from the issue of ideological understanding, the mistakes were caused by lack of experience or unexpected new situations encountered in the course of exploration and experimentation. The emergence of this issue, especially in the process of transforming from the old system into the new one, is unavoidable. On the other hand, the unhealthy tendencies stem from questions of ideology rooted in outmoded and decadent ideas and old force of habit. They were stirred up by taking advantage of the reform and are in no way the natural outcome of the reform. Comrades who misunderstood this made an erroneous judgement by confusing the two different types of issues.

II. Making Distinction Between Enterprise Diversification and Doing Business by Taking Advantage of Office

During an earlier period, by dint of their authority in office and other favorable conditions, some state industrial and commercial enterprises fraudulently set up "small factories," "small shops" and "small banks" in the name of developing diversified undertakings. Such a practice is detrimental to the interests of the state enterprises, since it seeks the private ends of coteries and individuals. These "small enterprises" occupied the property of large enterprises without paying compensation and were involved in businesses similar to those of the large enterprises; they even handled products short in supply but great in demand in an attempt to make huge profits to be divided among themselves for private gain. This is different in principle from the diversified undertakings pursued by enterprises with the large enterprises themselves as the key factor. The former actually represent a way of running enterprises and engaging in business by dint of office something which is not allowed by state policy. The latter is a way of opening all avenues for production and invigorating the economy which should be promoted greatly since it helps to arrange for employment of personnel not in the original structure and employment of the sons and daughters of workers and staff members and also helps increase the income of enterprises and raise their economic results.

Such fraudulently established "small enterprises" must be consolidated in accordance with the regulations governing party and government organizations running enterprises and engaging in business. Steps must be taken to suspend all "small banks" which managed to turn low-interest loans around into loans earning higher interest and earned the difference in interest rates by sitting idle. Those who fraudulently purchased important means of production from the state and durable consumer goods in short supply but in great demand for resale at a profit and engaged in speculation and profiteering must be resolutely outlawed and their unlawful income must be confiscated. On the other hand, those small enterprises which serve production and livelihood for the public may be allowed to continue, but they have to operate independently and assume their own profit and loss.

III. Making Distinctions Between Legitimately Issued and Indiscriminately Issued Bonuses

The bonus issue is one of the much discussed issues among industrial and commercial enterprises. The center of discussion is: what does legitimately and indiscriminately issued mean? We are of the opinion that the line of distinction between the two lies mainly in whether or not the bonuses issued are in keeping with the provisions of state policy, whether or not they are from a proper source, whether or not the methods of issuance are equitable.

In making a distinction between legitimately and indiscriminately issued bonuses, some comrades have often thought only of the amount of the bonuses. This is not an all-embracing approach. Some enterprises have resorted to deception in disguising the source of bonuses by indiscriminately apportioning cost, cheating on and evading taxes, misappropriating funds intended for development of production and even by selling off production equipment and negotiating loans and other means to raise money for issuing bonuses. In issuing bonuses, they are after personal gains by doing favors at no great

cost to themselves and by passing out "small red envelopes" of money, and so on. Such bonuses issued by enterprises, regardless how small the amount involved, comes under the category of indiscriminately issued bonuses. A specific analysis should be conducted on enterprises which issued more bonuses than others. Some enterprises definitely issued bonuses indiscriminately, however, on the other hand, it is also reasonable for some enterprises to issue more bonuses than others since they are developing production faster and achieving better economic results and ensuring that the state and the collectives are getting a bigger share. Some enterprises were found to have issued more bonuses than others in the course of the reform because the measures and methods they implemented were unreasonable or imperfect, such as the base figure for contract quota being low and the ratio for percentage distribution high. This comes under the category of unhealthy tendencies. However, experience must be summed up and award measures and methods must be further revised and perfected.

State industrial and commercial enterprises must proceed from the total interests of the state and the long-term interest of the enterprises and exercise strict control over the issuance of bonuses. Bonuses, subsidies and goods in kind exceeding the annual amount prescribed by the state regulations are automatically subject to bonus tax. Bonuses that were indiscriminately issued should be recovered and steps must be taken to find out the responsible leading personnel of units and initiate severe disciplinary action according to the seriousness of the case.

IV. Making Distinction Between Reasonable and Indiscriminate Price Hikes

Adequately raising the prices of certain industrial and agricultural products fixed by the state in accordance with state price policy and in keeping with changes in production cost and market supply and demand and liberalizing the commodity price set by enterprises and regulating the prices of agricultural and sideline products in the market will help economic development. It is also a normal and rational phenomenon different from indiscriminate price hikes. A so-called indiscriminate price hike refers to an unauthorized price hike made by certain departments, enterprises and individuals by taking advantage of the reform in disregard of the interests of the state and the people and in violation of state price policy and regulations; without authorization they increase the categories and enlarge the scope for price hikes, especially raising the prices of important means of industrial production and durable consumer goods in short supply but in great demand in order to make higher profits and to disturb the market.

While most of enterprises are doing a good job in implementing the price policy at present, some industrial and commercial enterprises, instead of concentrating on increasing the variety of products and lowering production costs, are using dishonest methods to make ill-gotten money by raising prices indiscriminately. Some raised prices without authorization, hiked fee-collection standards, expanded the range of fluctuation and the scope of negotiated price and its range of fluctuation; some changed the method of price-fixing and increased the items for fee collection without authorization and availed themselves of loopholes allowing a commodity to have several different

prices; they did so by turning parity prices into negotiated prices and then turning the negotiated price around into higher prices payable for procurement of items above the quota, they also did so by turning products originally included in the plan into products excluded from the plan and selling them at higher prices. Some enterprises disguised raised prices by adulterating goods, mixing goods of inferior quality with those of superior quality, mixing the spurious with the genuine, and cheating on weights. These acts of indiscriminately raising prices in violation of the law and discipline must be strictly curbed and corrected and economic, disciplinary and legal penalties must be imposed against them commensurate with the seriousness of the cases.

V. Making Distinction Between Compensatory Services Accepting Bribes, Extortion and Blackmail

The distinction between these two issues is whether or not the act is in keeping with the pertinent state regulations, whether it is seeking private gain by dint of authority in office or to promote production, or whether or not it is in compliance with legal procedures. All reasonable remuneration received on the basis of mutual agreements and contracts in developing production according to state regulations are regarded as being for compensatory services; all state functionaries who sought private gain from persons offering them bribes by taking advantage of office and other favorable conditions and unlawfully accepted gifts from them will be regarded as having committed acts of accepting bribes; demanding money will constitute an act of extortion and blackmail.

In this respect, people do not have identical views in two principal areas: One, should state cadres receive remuneration for their economic activities in establishing contacts in concluding transactions? Our opinion on this is negative. According to state stipulations, peasants in the countryside, unoccupied persons in cities and youth waiting for jobs can, upon approval by industrial and commercial departments, become "brokers", so it is reasonable for them to receive certain remunerations for concluding deals in their economic activities. On the other hand, because state cadres who hold certain authority can very easily use their authority in office and other opportunities to seek personal gains, they are not allowed to receive such remuneration. Another issue deals with the extra percentage retention and bonuses given purchasing and marketing personnel of the state industrial and commercial enterprises. We feel that purchasing and marketing personnel play a more important role after the change of enterprises from production to production-operational in nature. Since they are making prominent contributions in selling products and buying raw materials, they may be given certain percentage retentions and bonuses upon the recommendation of workers and staff members and with the approval of the leadership. This is reasonable. However, they are not allowed to accept "sales commissions" from outside units, "fees for favors" and gifts. Facts show that these practices amount to attempts to establish ties, mutually taking advantage of each other and seeking private gains and that without supervision by the masses and organizations, such practices can easily become acts of offering and accepting bribes.

VI. Making Distinction Between Necessary Entertainment in the Course of Economic Transactions and Using Public Funds for Entertaining Guests, Sending Gifts and Indulging in Extravagant Eating and Drinking

So-called necessary entertainment refers to courtesy receptions in honor of experts, professors giving lectures, engineers and technicians offering technical guidance, businessmen signing business contracts and outside units engaged in economic and technical cooperation. This comes under normal needs in economic and business associations and is permissible. However, this type of reception should be strictly controlled, the fewer the guests to be invited to dinner to help entertain the guests of honor the better, and the courtesies extended to foreign and domestic guests should be adequate but different in standards, the standard for domestic guests being lower than that for foreign guests. Strict measures should be taken to guard against allocating public funds for entertainment and presenting gifts, indulging in extravagant eating and drinking, sightseeing in the mountains and rivers, and other forms of activities marked by extravagance and wastefulness in the name of visiting, inspection, making public appraisal, examination of completed projects before acceptance, and exchanging experience. Those who have participated in such activities resulting in serious consequence must make compensation for the economic losses incurred and leading personnel of the sponsoring units must be investigated to affix responsibility and be subject to disciplinary action commensurate with the seriousness of the case.

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NATIONAL POLICY AND ISSUES

REPORT ON PRC RESOURCES IN 2000 PUBLISHED

OW131412 Beijing XINHUA in English 1250 GMT 13 Nov 85

[Text] Beijing, November 13 (XINHUA)--China's natural resources are basically sufficient for the country's modernization, but there are problem areas that must be watched.

This is the opinion of a state council-backed research group, whose research report entitled "China's Natural Resources by the Year 2000" appears in today's "ECONOMIC DAILY."

There are likely to be enough minerals for producing the cement, chemical fertilizers, iron and steel and nonferrous metals needed to quadruple China's industrial and agricultural production by 2000.

But a small amount of rich iron and copper ores will have to be imported to supplement the county's own resources, which are mostly not of high quality.

Offshore petroleum development will forge ahead of other undertakings to exploit marine resources, which the report describes as "abundant."

China's polders and shallow sea waters are estimated at 1.333 million hectares, but only 14 percent are being used at present for raising seafood and growing edible seaweed.

Over 266 million hectares are available in China for planting trees, 3.3 times the existing forest area.

The hydroelectric power potential of all Chinese rivers is estimated at 680 million kilowatts, placing China first among all countries in the world.

These facts, according to the report, show that there is vast potential for the development of China's natural resources.

But irrational distribution is one major problem--coal deposits are found mainly in northern China, while most iron mines are in the south.

The 45 major mineral resources already verified in China are estimated to have a potential value of \$1,100 billion, ranking third in the world.

However, if this is calculated on a per capita basis, the amount of natural resources is well below the world's average.

Farmland, which must meet the demands of China's population of over 1 billion, will continue to be the country's top problem.

The total farmland will have been reduced by over 20 million hectares by 2000, mainly due to demands of construction projects.

China wants per capita grain production to reach 400 kilograms by the end of this century. This means an increase of 1.5 tons per hectare annually between 1981 and 2000.

The shortage of water will continue in the arid northwest as well as in some coastal areas of Shandong Province.

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CSO: 4020/88

NATIONAL POLICY AND ISSUES

FURTHER ON PRC RESOURCES IN 2000 REPORT

OW131414 Beijing XINHUA in English 1106 GMT 13 Nov 85

[Text] Beijing, November 13 (XINHUA)--By the year 2000, forests will be on the increase in China and newly planted pasturelands will add 33 million hectares, according to a research report in today's "ECONOMIC DAILY."

Areas of salinization will decrease, but soil erosion will continue and desert areas will expand.

The turn of the century will see agricultural pollution developing, but the problem of pesticide pollution in soil and agricultural produce will be solved, says the report which was the result of a 2-year research program backed by the State Council and the Chinese Academy of Social Sciences.

The urban environment will improve and industrial pollution will be under control to a certain extent, the report says.

Pollution harmful to people's health will be reduced to some extent and air pollution will be much reduced in comparison with today's smoke, dust, and sulfur dioxide.

The rate for intestinal infectious diseases from water will drop by 30 to 70 percent. The death rate from environmental pollution will drop by 0.74 percent compared with 1995, but before 1995 the rate will increase.

The report says now about 40 percent of the Chinese urban population live in an environment with noise exceeding allowable standards.

In 1980, of the 400 million tons of solid wastes discharged by China's industries, only less than a quarter were recycled.

China will have to use one of its national income to prevent pollution from getting worse, and 1.5 percent of the national income would be needed to achieve some improvement.

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CSO: 4020/88

NATIONAL POLICY AND ISSUES

STATISTICAL BUREAU SAYS GROWTH RATE SLOWING DOWN

OW100744 Beijing XINHUA in English 0723 GMT 10 Nov 85

[Text] Beijing, November 10 (XINHUA)--The industrial growth in China, once overheated, is tending toward normal as a result of a series of measures adopted by the central government to gradually slow it down.

The State Statistical Bureau reported that the growth rate in October was 11.7 percent, further down from the 14.5 percent in September, as against the 23.1 percent during the January-June period. An overall increase of 19.6 percent was recorded in the first 10 months of this year, during which the industry turned out 680.4 billion yuan in value.

The slowing-down started in July after the government strengthened the macro-economic management to halt the excessive investment in fixed assets and over-growth of consumption funds, which were responsible for the overheated growth in the first half of this year.

The return to normal was accompanied by a harmonious development of the economy as a whole, re-accelerated pace of the construction of the priority projects, which had been affected by the scattering of funds, and a thriving market, the statistical bureau said.

The light and heavy industrial sectors were maintaining roughly equal shares in the total industrial output value.

By the end of October, the bureau said, the annual plans for 19 major products had been fulfilled while production of 59 others including coal, oil, electricity and rolled steel was going ahead on schedule.

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CSO: 4020/88

NATIONAL POLICY AND ISSUES

OFFICIAL COMMENTS ON SECOND ANTARCTIC EXPEDITION

OW041123 Beijing XINHUA in English 0906 GMT 4 Nov 85

[Text] Beijing, November 4 (XINHUA)--A permanent post office will officially be opened on November 15 to handle mails between China and the Antarctic Continent, said Wu Heng, chairman of the National Antarctic Research Committee.

The post office will mainly serve the members of the second research expedition, who travel to Antarctica in mid-November to carry out further scientific surveys of the continent.

Wu said that the second Antarctic expedition will mainly do multi-disciplinary scientific surveys, which will include the setting up of a mark on the edge of the ice around the Nelson Island to monitor the direction and speed of the movements of the glacier.

The team of scientists will also set up a seismic observation station, a solid tide station, and an automatic observation station for studying the total intensity of geomagnetism as well as observations of the structure of snow crystal, aeronomy, meteorology, topography, biology and ecology.

Detailed plans have been well prepared for the survey projects, Wu said.

The team is made up of 37 members, including 2 women. Ten of them will stay on for the winter survey projects after the rest return next April.

A training center has been set up in Shangzhi County, Heilongjiang Province, to prepare the members of the expedition for the harsh environment.

As China was made a member for the consultation of the Antarctica Treaty, Wu said, it is of great importance for China to join the common efforts to further investigate and make peaceful use of Antarctica.

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CSO: 4020/88

PROVINCIAL AFFAIRS

GANSU'S LI ZIQI ADDRESSES PROVINCIAL CPC MEETING

HK170229 Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 16 Oct 85

[Excerpts] The enlarged meeting of the provincial CPC Committee Standing Committee concluded on 16 October. Provincial CPC Committee Secretary Li Ziqi delivered a summation. After giving a truth-seeking analysis of the situation in Gansu, Comrade Li Ziqi put forward specific demands on further implementing the spirit of the National Conference of Party Delegates and on work before the spring festival. He pointed out that the current guiding idea for economic work is to ensure that economic structural reform and economic construction stimulate each other. The fundamental task in rural work is to lead the masses to develop production, eliminate poverty, and become rich. At the same time, prominence must be given to improving product quality and economic results.

Comrade Li Ziqi said: The party committees at all levels must clearly understand that strengthening ideological and political work and the building of socialist spiritual civilization is an important guarantee for upholding the socialist orientation in reform of the economic structure and in building the four modernizations. Reform, opening up, and invigoration are bound to stimulate the development of the productive forces, but at the same time they will bring in some influence of the capitalist ideology of foreign countries. Developing commodity production may make it possible for the principle of commodity exchange to penetrate into social and political life. As every reform involves the vital interests of everyone, various ideological problems are bound to arise, and interference and obstacles of all kinds will be encountered. The more we open up and invigorate, the more necessary it is to strengthen the building of socialist spiritual civilization.

On party rectification work, Li Ziqi stressed: It is necessary to focus on rectifying party style. The whole party must set to work and the leaders must take the lead and set the example. Units that have already completed party rectification must take a look back to see what problems exist, and proceed to solve them. Units that have not yet started rectification must carry out correction without waiting for rectification, and tangibly improve their work style.

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PROVINCIAL AFFAIRS

HEBEI SECRETARY'S SPEECH AT CPC PLENARY SESSION

SK060406 Shijiazhuang HEBEI RIBAO in Chinese 24 Oct 85 pp 1, 2

["Excerpts" of speech by Xing Chongzhi, secretary of the Hebei Provincial CPC Committee, given at the second enlarged plenary session of the Third Provincial CPC Committee on 21 October: "Conscientiously Implement the Guidelines of the National Conference of Party Delegates and Greatly Promote Our Province's Building of the 'Two Civilizations'"]

[Text] At this session, we have studied and discussed the documents of the National Conference of Party Delegates and the 4th and the 5th Plenary Sessions of the 12th CPC Central Committee, discussed the report on the economic situation and the ideas for next year's economic work given by Comrade Zhang Shuguang on behalf of the provincial CPC Committee, studied the opinions on arrangements for our province's party rectification at grassroots levels and the issue of lightening the burden of peasants and enterprises, and have further unified our thinking, clarified our tasks, and steeled our confidence. At present the central tasks facing us are to implement the guidelines of the National Conference of Party Delegates, to work together for a splendid future, to further stimulate the sustained, stable, and coordinated development of the national economy, to strive for a fundamental turn for the better in party style and social conduct, and to bring about a new flourishing situation in all work fields of the province.

1. Strengthen Leadership, and Extensively and Thoroughly Study and Publicize the Documents of the National Conference of Party Delegates.

The National Conference of Party Delegates was another important milestone in the history of our party. The documents of the conference will serve as a significant guidance to the work at present and for a fairly long period in the future. To organize the cadres and the people in and outside the party throughout the province to conscientiously study the documents of the National Conference of Party Delegates and unify their ideas and acts is currently the most important task of party organizations at various levels.

When studying and publicizing the documents of the National Conference of Party Delegates, we should pay attention to the major points, bear the

actual situation in mind, and stress actual results. The ways to measure the actual results of various units in studying the documents of the conference are: 1) to see whether the party members, cadres, and people of their own units unify their thinking in line with the guidelines of the conference, and 2) to see whether the cadres and people in and outside the party follow the track of "working together for a splendid future" in their acts, and achieve new results in the various fields of work.

The study and publicity of the documents should be carried out step by step. First, we should conduct education on the current situation and policies, and then education on strengthening the building of the spiritual civilization, fostering ideals, abiding by discipline, and fundamentally improving party style and social conduct in 2 years. Before the Spring Festival, we should concentrate on the education on the current situation and policies. In order to help the people clarify their confused ideas, we should adopt vivid and lively methods, such as presenting the facts to reason things out, comparison, answering questions, and analyzing typical examples, to guide them to judge the situation by its essence, mainstream, and general and developing trends, to fully estimate the period since the 3d Plenary Session of the 11th CPC Central Committee as one of the key periods with the best economic and political situation after the founding of the country, and to profoundly understand the correctness of the party's line, principles, and policies. At the same time, we should frankly and clearly inform the people of our work problems and difficulties, and explain to them that the party and the government are taking measures to solve them step by step.

CPC Committees at various levels should conscientiously strengthen leadership over the present study activities. We should adopt the same method as that for studying the decision of the 3d Plenary Session of the 12th CPC Central Committee. That is, cadres of party and government organs at and above the township level should devote a certain period of time to earnestly study the documents, and then groups should be organized and sent to grassroots levels to read and explain the documents. Enterprises, institutes, colleges and universities, and primary and middle schools should make arrangements for their study according to their specific characteristics. Leading cadres at various levels should select key units to read and explain the documents to them, open a "dialogue" with the masses, hold heart-to-heart talks with them, and answer their questions.

2. Push Forward the Reform and Construction in Line with the Guiding Principles of the Proposal for the "Seventh 5-Year Plan."

The CPC Central Committee's proposal for the Seventh 5-Year Plan has properly combined the economic construction in the coming 5 years with the economic structural reform. Therefore, it is a programmatic document for guiding us to vigorously promote the reform and construction. We should resolutely implement the series of guiding principles of the proposal, and properly handle the relationships in the following several fields of the economic work.

First, we should correctly handle the relationship between reform and construction, and persistently give first priority to the reform.

At present, the economic structural reform has been carried out throughout the province, the large number of cadres and the masses have increasingly deepened their understanding of the important and profound significance of the reform, and their enthusiasm in joining the reform has become even greater. However, owing to the lack of ideological preparations, some people are still confused about the reform. Without full understanding of the arduous and complex nature of the reform, some people have lost their resolution to make explorations and even have a note of complaint when encountering difficulties and problems. Some people have ascribed the temporary dislocation of the macroeconomy and even the new unhealthy trends to the reform, and thus have doubts and misgivings about the reform. We should attend to the ideological and educational work to enable the people to understand that the reform is a pioneering and extremely complicated undertaking, which will certainly make new breakthroughs for our country's socialist economic structure and bring about new progress to the four modernizations drive, but also will produce new contradictions and bring about new problems. At the same time, we should educate cadres and the masses to deeply understand that the nature of the on-going economic structural reform is the self-perfection and self-development of socialism, and all the ideas and behaviors deviating from this political orientation are erroneous. Leadership at all levels should resolutely lead the large number of cadres and the masses to break with traditional concepts, foster new ideas, and join the reform work more enthusiastically. Leaders at all levels should constantly study new situations in order to prevent and solve new problems in the reform in a timely manner. In making policy decisions, they should give comprehensive considerations to advantages and disadvantages. Decisions with more advantages than disadvantages should be implemented resolutely while decisions with more disadvantages than advantages should not. Strong assistance should be given to those who take the lead in carrying out reform under the guidance of correct orientation. Even though such persons have some defects and errors, we should also enthusiastically help them make correction in order to protect their initiative in the reform. Those who take advantage of reform to indulge in evil practices should be resolutely ferreted out and strictly punished. This is the only way to develop the reform in a sound manner.

Second, we should correctly handle the relationship between the growth rate and efficiency, and persistently put the increase in economic efficiency in the center of the economic construction. In the economic construction, focusing on the growth rate and focusing on the efficiency are two basically different guiding principles.

The province's economic construction over the past several years has deviated from the situation before 1982 in which the economy was basically at a standstill, has begun to embark on a sound path of sustained, stable, and coordinated development, and has basically effected a fundamental turn for the better in financial and economic situation. But, in the economic construction, such problems as the relatively rapid growth rate and poor

economic efficiency still remain. The provincial CPC Committee and Government decided that the economic growth rate of our province should be arranged in line with the stipulated quotas as set forth in the proposal for the "Seventh 5-Year" Plan. That is, the average growth in the gross national product should be above 7 percent, and the growth in the industrial and agricultural output value should be around 7 percent, of which the growth in the output value of agriculture should be 6 percent and the growth in that of industry 7 percent. All localities should decide on proper growth rates for themselves according to the quotas and their own actual conditions. The current rather high growth rate should be reduced. This is a matter easier said than done. Therefore, leading persons at various levels should conscientiously analyze the situations of their own localities and units on the basis of the requirements of the CPC Central Committee so as to persuade themselves as well as the masses of cadres and people to unify their understanding in line with the guidelines of the proposal of the CPC Central Committee. When the growth rate is brought under control properly, we should concentrate our attention on expanding production through tapping potential, greatly increase the economic and social returns of the existing enterprises, and vigorously enhance our ability to earn foreign exchange through exports.

Third, we should correctly handle the relationship between the microeconomy and the macroeconomy in reform, and persistently strengthen indirect macroeconomic control while enlivening the microeconomy. As has been shown by the practice of reform, it is a one-sided view to set macro-control against micro-flexibility, or to regard macro-control as a task for higher levels and micro-flexibility as a task for enterprises. Macro-control and micro-flexibility are supplementary to each other. Both the microeconomic or the macroeconomic activities should be controlled and enlivened, and also should be reformed. Without the active response of enterprises to the macro policy decisions of higher level the macro-control will come to nothing. However, we should not take the strengthening of macro-control as administrative "taking over of everything" or "taking back of power." Decisionmaking power over microeconomic management of enterprises should not be taken back. Instead, it should be truly given to enterprises, and intermediate blocks should be removed to ensure that the power is given without restraint. In the next couple of years, we should place the focus of reform on strengthening and improving the system of indirect macro-control with an end to meet the requirement for stable economic development while continuing to invigorate enterprise. All localities should proceed from reality, and solve the problems whenever a loss of macro-control occurs.

3. Step Up the Building of the Spiritual Civilization, and Strive to Achieve Fundamental Turn for the Better in Party Style and Social Conduct.

Comrade Deng Xiaoping pointed out: "The current building of the spiritual civilization should, first of all, be aimed at fundamentally improving party style and social conduct." Thanks to the concerted efforts of everybody, the party style and social conduct of our province have been notably improved. However, they still lag far behind the requirement for fundamental improvement as set forth by the 12th Party Congress, and

there are still many serious problems. Many of our comrades have yet to successfully answer in ideology and practice the question of how to understand the position and function of ideological and political work after the party shifted its work focus to economic construction. For this reason, when we pay attention to the building of the socialist material civilizations, we should also greatly strengthen the building of the socialist spiritual civilization and reinforce ideological and political work. We should note, in particular, that time is extremely pressing and the tasks are very arduous if, as set forth at the 12th Party Congress, we are to bring about a fundamental turn for the better in party style and social conduct in less than 2 years before 1987 when the 13th Party Congress will be held. CPC Committees at various levels should devote their main energy and time to strengthening and improvement of ideological and political work, make the building of the spiritual civilization a success, and make sure that party style and social conduct are fundamentally improved on time.

First, leading persons should take the lead in creating a situation in which the entire party pays attention to party style. The key to the fundamental improvement of party style and social conduct lies in the fundamental improvement of party style. Our party is a ruling party, and the leading core for the entire socialist cause. Bad party style will not only damage the party's brilliant image, and weaken its role but also adversely influence the entire society, wane the people's fighting will, and encourage the growth and spread of evil trends. Therefore, in order to correct unhealthy trends, we should run the party strictly, and pay close attention to the fundamental improvement of party style. The key to achieving a fundamental turn for the better in party style lies in the exemplary role of party-member leading cadres at all levels. The ideology, moral character, and workstyle of the leading cadres will greatly affect the masses inside and outside the party. Leading cadres should always play an exemplary role because such a way of doing things is also a powerful ideological and political work. In addition, it will enable the leaders to have power to influence and educate other people. "The personal influential power" as stated by Comrade Ma Shengli whom we know very well is aimed at the tremendous power of the exemplary vanguard role. Therefore, in the course of consolidating and building party style, all leading cadres should have a strong sense of responsibility and should not serve as observers or judges or consider themselves as "exceptions." Furthermore, they should not "put the blame of the faults of the higher level onto the lower levels." Instead, they should serve as fighters, set examples, and proceed from their initiative in consciously straightening out party style.

Under the new situation of opening to the outside world and invigorating the economy, our province should proceed from the reality. We held that whether the leading cadres at all levels have played an exemplary role in straightening out party style mainly depends on whether they are capable of undergoing five tests or what we call five "checkposts." The first is the money checkpost. We should check the leading cadres to see if they have remained uncorrupted in the face of the temptation of money or have

put money above everything else or forgotten all moral principles at the sight of profits. The second one is the power checkpost. We should check whether they have abused their power to seek benefits for the people or have sought benefits for the individuals, their relatives, friends or a small group. The third is the checkpost of human feelings. When one has power, one will always have the chance of meeting with people who come to flatter or to ask for special favors. We should check whether they have remained impartial and incorruptible and performed their official duties justly or have given way to human feelings at the expense of principle and the law of the land. The fourth one is the checkpost of choosing a person for a job. We should check whether they have appointed persons by favoritism or have appointed persons according to their political integrity and ability and whether they have chosen personnel from all corners of the land or have formed a gang of their cronies and cohorts. The fifth one is the checkpost of honesty. We should check whether they have been working honestly and diligently or have accepted bribes and invitation or have sought ease and comfort. To pass these five checkposts, in short, it means to correctly handle the relationship between official and private business. We should always devote ourselves wholeheartedly to public interests, work selflessly, and by no means should we seek personal interests at the expense of public interests. Passing these five checkposts is a forceful and rigorous test for each and every comrade to judge whether he has fostered a communist world outlook and an outlook on life. We hope that all communist party members, particularly party-member leading comrades, will consciously strengthen their understanding of party spirit, party style and party discipline, strictly carry out regular activities of party organizations, conscientiously receive supervision from the masses, and pass the test of the "five checkposts."

In realizing a fundamental turn for the better in party style, leading cadres at all levels should also have courage to take responsibility for and manage their work. Straightening out party style is a struggle. Leaders at all levels should stress the interests of the party and the people, dare to tackle difficult cases, and be bold in handling cases of law and discipline violations. Special attention should be paid to conscientiously investigate and handle cases concerning leading cadres who have violated law in the course of enforcing laws, who have committed new mistakes in the course of correcting mistakes, and who have failed to strictly enforce orders and prohibitions, in an effort to strictly enforce party discipline. Some of these cases should be exposed in newspapers. We should create a political atmosphere of having the whole party to grasp party style and to support the justice and frighten the evil.

The provincial CPC Committee held that there are four indicators for judging whether a locality, or a unit has achieved a fundamental turn for the better in party style: First, the leading bodies have correctly implemented the party's line, principles, and policies maintained ideological and political unity with the CPC Central Committee, formed a strong core of unity, and played an exemplary role in various fields. Second, a situation of having the whole party to grasp party style has been formed.

The old unhealthy trends have been checked and the new malpractices have been checked on one's initiative as soon as they have been discovered. Third, party members have enhanced their political consciousness and are able to play their exemplary and vanguard role, and the party's grassroots organizations have performed their function as a fighting bastion and strengthened their contacts with the masses. Fourth, the party's democratic centralism is upheld persistently, and the inner-party political life has been improved. Party organizations at various levels should work feasible plans and measures for fundamentally improving party style to meet these four indicators.

Second, we should continue party rectification successfully, and develop the achievements in party rectification. Party rectification of the units at and above the county level will soon come to an end, and party rectification at urban and rural grassroots levels should be unfolded successively after this session. The mainstream of grassroots party organizations and the masses of party members is good but many serious problems incompatible with the new situation still exist in their ideology, organization and workstyle, and the tasks for the rectification are very arduous. CPC Committees at various levels should make meticulous arrangements and guidance, and comprehensively fulfill their party rectification tasks in high quality in light of the requirements of the CPC Central Committee's decision on party rectification and the plans of the provincial CPC Committee.

Units which have completed party rectification should intensify regular ideological and political work focusing on correcting party style, conscientiously guard against and change the situation in which "the party does not take charge of party affairs," and further enhance the combat strength of party organizations. Units where party rectification was carried out unsuccessfully or perfunctorily, where party style is unhealthy to a serious extent, and where malpractices have reappeared should take remedial measures for their party rectification.

Third, education on having ideals, morality, education and a sense of discipline, and on upholding the four basic principles should be continued thoroughly among the cadres and people in and outside the party. At present an important reason for unhealthy party style and social conduct is that a small number of party and CYL members, cadres and people have serious problems of being indifferent to fostering ideals and abiding by discipline, not observing social and professional ethics, and divorcing themselves to the four basic principles. These problems should be solved properly through the education.

Here, we should emphasize the issue of abiding by discipline. The communist ideals and moral standards are established and safeguarded mainly by the people's belief, revolutionary traditions, social public opinions, and education. In the meantime, they should be guaranteed by the restraining forces of discipline. Therefore, we should educate all the cadres and people to abide by, safeguarding and enforce discipline of their own accord, and resolutely oppose all ideas and acts that violate discipline.

According to the experiences of various localities, the education of having ideals, morality, education, and a sense of discipline and on upholding the four basic principles should be conducted closely with the people's ideas and work practice, should permeate the practice of the four modernizations, the economic reform, party rectification and transforming social conduct, and should be organically coordinated with the education on patriotism and revolutionary traditions. We should launch the activities, such as publicizing advanced examples, organizing heroes and models to give reports and encouraging the people to "make contributions and create a cause," to make the education interesting and lively.

Fourth, cities and towns should play their leading role in building the spiritual civilization in order to promote a fundamental turn for the better in social conduct throughout the province. We should first promote spiritual civilization in the 12 cities, 137 county seats, and the more than 400 small towns of the province, and strive to make them take the lead in fundamentally improving social conduct. In this way, they will lead the whole province in achieving a great change in social conduct. Therefore, all cities and towns should work out feasible plans on the basis of the requirement for fundamentally improving social conduct as set forth at the 12th Party Congress, adopt effective measures, and assign special personnel to take charge in order to carry them out one by one. Other localities should also do the same.

To effect a fundamental turn for the better in social atmosphere, all departments and units must make concerted efforts to tackle problems comprehensively under the unified leadership of CPC Committees and People's Governments. All professions and trades should conscientiously conduct the education on professional morality, should advocate civilized service and reputation, should improve the quality of service, and should oppose illegal management methods and style. All departments and units should intensify the propagation and education on democracy and the legal system, and strive to popularize the legal knowledge among the people. They should also strengthen the consolidation and administration on public security and social order, and resolutely prevent and deal blows to various kinds of economic irregularities and criminal offences. All propaganda, cultural and artistic departments should persist in serving socialism and the people, flourish the literary and artistic creation, conduct literary and artistic criticism, persistently regard the social efficiency as the guiding principle for all activities, provide still better and more spiritual products for the masses, and strive to enrich the cultural life of the masses. Those corrosive phenomena which seriously harm the social practice should be resolutely corrected. We should consolidate the cultural market; ban those commercial videotape broadcasting units and unhealthy publications; check those theatrical performances which offend against decency; resolutely eliminate the trend of gambling; and should never allow the revival of the corrosive practices of the old society. Continued efforts should be made to encourage the people to build civilized cities, towns, villages, and units, and to raise the work in this regard to a new level.

Fifth, we should vigorously strengthen the ideological and political work among institutions of higher learning. Universities and colleges in our province now have a total enrollment of more than 50,000 students. Unfailingly grasping the ideological education among these 50,000 students constitutes an urgent task for the party's ideological and political work. CPC Committees of various universities and colleges must concentrate their major energy on strengthening the ideological and political work, and party and CYL organizations should give play to their role of fighting positively. Teachers should be worthy of the name of teacher, and should not only impart knowledge but also educate people. Leaders of universities and colleges should frequently contact with students, and go to the students' canteens and dormitories to learn about the real situation of students, show concern about their livelihood, solve their practical problems, and maintain closer ties with them. From now to the end of this semester (it can be extended to the next semester if necessary), all universities and colleges in the province should utilize the time for conducting the education on current events and policies to organize the students to study the documents of the National Conference of Party Delegates, and, in close integration with the practical ideological situation, conduct a systematic and penetrating education on the current situation, policies, and four fundamental principles. Party and government leading cadres should go deep into schools to convene forums face to face with the students to answer their questions and clarify confused and erroneous ideas in order to establish close ties with students and to strengthen the confidence between leaders and students. Through patient and painstaking politics and ideological work, we should guide the students' political zeal to an accurate orientation of exerting themselves in study and actively joining the educational structural reform of their schools with an aim to achieving success in the four modernizations drive and to safeguard the stability and unity of the state.

Sixth, we should mobilize the forces of the whole party and the whole society, and give full play to the role of the political worker contingent to achieve success in the ideological and political work. Grasping the ideological and political work is not only the duty of propaganda and educational departments, but also a major event which should be grasped by the whole party and the whole society. Only when we mobilize and organize the forces of all departments and all fields can we achieve success in this work. All departments and units should shoulder the duty of educating the masses, and apply the ideological and political work to their professional work. At the same time, we must intensify the building of the political workers' contingent in an effort to make political workers politically and professionally sound and full of fighting spirit. To enable the ideological and political departments to have their due authorities, cadres in charge of the political work should conduct themselves with dignity, strive to become stronger, ardently love their own work, and strive to raise the level of the political affairs. Meanwhile, CPC Committees should pay attention to, show concern for, and support the work of political workers.

4. Do a Good Job in Strengthening Cooperation Between Old and New Cadres and in Succession of the New to the Old, and Strengthen the Building of the Echelon Structure of the Leading Bodies At All Levels.

Our province's work of strengthening cooperation between old and new cadres and replacing old cadres with new ones has been carried out fairly smoothly. In 1983 in the course of reforming the structure of party and government organs at and above the county level, a group of veteran comrades retreated to the second line and a number of young and middle-aged cadres assumed leading posts. Among the members of the provincial CPC Committee, some were fairly young comrades. Through readjusting the party and government leading bodies of cities, and counties (districts), the average age of the leading members is now being maintained at 44 to 49 years, which has attained the present requirement of the central authorities. In addition, we have established a reserve cadre rank. This shows that the work of replacing old cadres with new ones and strengthening cooperation among the new and old cadres of the leading bodies at and above the county level has been carried out and basically proceeded along a normal path. In the future, we should foster a new workstyle that cadres can adopt at higher or lower levels as required, carry out the work concerning the cooperation and replacement of new and old cadres vigorously, reliably and naturally in line with the "four requirements for cadres" and the stipulations of the central authorities on the age limit of the leading bodies at all levels, and continue to improve the echelon structure of the leading bodies at all levels as well as the quality of the masses. We should also strengthen the building of the third echelon, and let them be tempered and tested in the practice of struggle. Furthermore, the third echelon should be readjusted and replenished at any time. The CPC committees at all levels should hold party congresses at various levels as scheduled and according to the stipulations of the Party Constitution, and should democratically elect leading bodies of the CPC committees of the corresponding level. This is an important system for normalizing the inner party political life and for making the cooperation work and the replacement of old cadres with new ones successful. Therefore, such system must be conscientiously adhered to. Meanwhile, we should organize the exchange of cadres in a planned and step-by-step manner under the premise of keeping the leading bodies relatively stable. This is very necessary for widening the vision of cadres and promoting a fundamental turn for the better in party style.

While carrying out cooperation and replacement among new and old cadres, we should pay special attention to the building of ideological workstyle. Young cadres should do their work well. In addition to their vigorous efforts, they also need the support of veteran cadres. The veteran cadres should boldly allow new cadres to assume heavy tasks, and enthusiastically help them accumulate experiences in the course of practice in an effort to enhance their ability.

Along with the cooperation of old cadres with new ones and the replacement of old cadres with the new, the number of veteran cadres who have retreated from the leading bodies is increasing. The CPC committees at all levels

and the relevant departments and units should make proper arrangements for these veteran comrades.

Comrade Deng Xiaoping called on the new and old cadres to study the Marxist theories at the National Conference of Party Delegates. This is a very important issue. As leaders of the socialist modernization construction, they must grasp the basic Marxist theories in addition to grasping science, technology, and professional knowledge, because this will enable them to unceasingly explore and solve new problems in practical life and to ensure that our cause will not go astray. The leading cadres at all levels should persist in reading some original Marxist classical works and pay attention to studying Marxism-Leninism-Mao Zedong Thought developed since the 3d Plenary Session of the 11th CPC Central Committee. Such "development" has been reflected in a series of important documents of our party and in the important works and speeches of Comrade Deng Xiaoping and other proletarian revolutionaries of the older generation. At present, we should attach primary importance to studying Comrade Deng Xiaoping's book on "Building Communism with Chinese Characteristics," the decisions of the central authorities on reforming the structures of the economy, science, and technology, as well as education, and the documents of the National Conference of Party Delegates. The party schools at all levels should continue to run short-term training courses and create conditions for the in-service cadres to study theories. We should create an atmosphere of conscientiously studying and applying the Marxist theories among all cadres.

5. Meet the Needs of the New Situation and Further Improve the Method and Workstyle of Leadership.

Over the past few years, advocated and stimulated by the central authorities, the leading comrades at all levels throughout the province have markedly improved their workstyle and the working methods. However, we should note that many problems still exist in the method and workstyle of the leadership which are far from meeting the needs of the new situation and new tasks. We should continue to strive for improvements and gradually make the leadership work revolutionary and scientific.

First, we should concentrate our main energies on implementing the central principles and policies. The party's principles and policies were formulated by the CPC Central Committee through pooling the wisdom of the whole party. The task of primary importance of the leaders at all levels is to guarantee the implementation of the party's principles and policies. We should not fall short of the requirements or distort the principles and policies of the CPC Central Committee in the course of implementation. In addition, we should also not refuse to implement them under special circumstances and overtly agree but covertly oppose them. These are the most important disciplines. We should well utilize the party's principles and policies to mobilize the enthusiasm of the masses and to reform the work of their own departments and localities on this basis. Under the major policies of the central authorities, it is necessary for the various localities to on this basis. Under the major policies of the central

authorities, it is necessary for the various localities to formulate specific stipulations in line with their own actual situations. However, they must not invent new policies, ideology and stipulations that deviate from the guidelines of the central authorities. If we want to work in the political circles, we must rely on the implementation of the central policies to create a new situation in our work, exert strenuous and real efforts, and strive to achieve more remarkable achievements in our work.

Second, we should establish close ties with the masses. The most important issue of establishing close ties with the masses is to regularly go to the masses to understand their hardships and to help them eliminate misgivings and overcome difficulties. At present, some cadres have failed to show adequate concern for the practical difficulties in the livelihood of the masses. Some have inspected the prosperous localities at the expense of the poverty-stricken areas. Some have paid attention only to helping the rich and neglected the poor. Some have even arbitrarily issued orders and infringed upon the interests of the masses. The main reason for this is that their viewpoints on the masses are dim and that they have failed to properly handle the relationships between masters and public servants, and between bearing responsibility for the higher and lower levels. The cadres at all levels should be concerned about the livelihood of the masses, pay attention to their feelings, and race against time to handle all things that are related to the immediate interests of the people with a high sense of political responsibility. We should have the driving force to push us to do the work successfully, and if not, we should not sleep or eat well.

Third, we should conscientiously solve practical problems. All leading organs and leading cadres should conscientiously grasp their own work and solve their own problems, and by no means should they fear of trouble and hurting the feelings of others, carry out their work perfunctorily, delay their work, shift the responsibility onto others, and adopt a wait-and-see attitude. Leading organs should realistically change their workstyle from mainly managing affairs to serving the people, issue fewer general calls to the lower levels and grassroots units, and give more specific guidance. They should conduct fewer large-scale inspections and appraisals and help more people solve practical problems. Problems which should be solved with the help of the higher levels must be solved in a timely manner no matter how serious or minor the problem is. This is the way of rendering quality service to the grassroots levels. The achievements of a leading organ in helping the lower levels solve practical problems in a timely and effective manner have become an important indicator for judging whether it has performed its work well.

Fourth, we should organize and send a large number of cadres to the grassroots levels. Since the beginning of this year, the provincial CPC Committee has organized 4,000 to 5,000 cadres on several occasions and sent them to plants, rural areas, schools, and neighborhoods to conduct investigations on the situations of grassroots party organizations and on the development of the resources of mountainous and coastal areas. They

established wide contacts with grassroots cadres and people, and gained many first-hand materials. This was very helpful for the organization in changing its workstyle and in exercising correct leadership. We should continue to do this in the future, and organize and send cadres to work at the grassroots levels group after group at different times. In order to help the 48,000 rural party branches carry out party rectification successfully, the provincial CPC Committee decided to transfer a large number of party-member cadres from party and government organs and theoretical and education departments at and above the township level to serve as teachers at party classes. After training, they will go to rural areas to explain the documents of the National Conference of Party Delegates, give party lectures to party members in line with the unified teaching materials compiled by the provincial CPC Committee, and conduct some investigations and study. According to reports submitted by various prefectures and cities to this session, they can transfer some 47,700 cadres. This, plus those transferred by provincial organs, makes the total number around 48,000, an average of one cadre for each village. The provincial CPC Committee also decided to transfer 10,000 cadres from the organs at and above the county level to poverty-stricken counties, townships and villages, and to loss-making and backward enterprises to work and to be trained there. We should give unified consideration to the transfer of these two groups of cadres. The party-member cadres who are transferred to work in rural areas will also serve as teachers at party classes. This is an important measure for us in changing the workstyle of our organ and in making party rectification a success. CPC Committee at various levels should arrange and implement it well.

Fifth, we should actively promote organizational reform. In order to overcome the bureaucratic workstyle of party and government organs, we should pay attention to solving the problems not only ideologically but also organizationally. We should promote organizational reform in a well-guided and step-by-step manner after conducting investigations and study, carrying out experiments at selected units, and gaining experiences. At present we should, first of all, guard against the increase in organizations. From now on, without the approval of the central and the provincial authorities, no one is allowed to increase new organs, upgrade an organ, set up temporary organs, transfer personnel from enterprises and institutions and increase the staff except for making job arrangements for army cadres transferred to civilian jobs. We should sort out the existing temporary organs, and disband all those set up without the approval of the central and the provincial authorities, and transfer their work to relevant departments for management. The large number of administrative companies should be consolidated from higher levels downward, and some of them should be disbanded or turned into enterprises. In the establishment of organs, we should not emphasize the need for unified acts between higher and lower levels, but should give more flexibility to lower levels. We should strengthen the departments of "brain trusters," the departments in charge of comprehensive work, legal departments, and economic supervisory departments. We should establish and improve the responsibility system, with the focus on personal responsibility, applied to the work of organs while [word indistinct] the number of staff and posts in the wage reform.

In conclusion, I will speak on the major work that the provincial CPC Committee will do in the last 2 months of this year and in next year. The most important are four major tasks: 1) to promote the spiritual civilization and ideological and political work and improve party style and social conduct with a great determination; 2) to carry out party rectifications at the grassroots levels in urban and rural areas, and comprehensively complete the party rectification tasks; 3) to carry out the work of cities focusing on reform, and enable cities to perform more successfully their multiple functions; and 4) to formulate and implement the "Seventh 5-Year" Plan successfully.

Comrades! Our current tasks are very arduous and our responsibilities heavy. With the guidance of the guidelines of the National Conference of Party Delegates, let us unite closely, and strive to bring about a fundamental turn for the better in our province's overall financial and economic situation, and in party style and social conduct.

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PROVINCIAL AFFAIRS

SHANXI RADIO URGES CORRECT VIEW OF CURRENT SITUATION

HK210257 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 20 Oct 85

[Station commentary: "Learn How to Apply the Viewpoint of Material Dialectics to Analyze the Situation"]

[Excerpts] In analyzing the situation, we must pay attention to drawing a clear distinction between the whole and the partial, the main current and the side-issues, the essence and the phenomena, and long-term and present interests. Only thus can we uphold the dialectical materialist viewpoint and analyze the situation in a truth-seeking way. What then is the overall situation, main current, essence, and long-term aspect of the situation in Shanxi? We will now take a look at the province's economic and social development performance.

Before the 3d Plenary Session of the 11th Central Committee, the province was in economic difficulties and the problem of food and clothing for the masses could not be solved. Since instituting rural reforms in 1980 and then proceeding to all-round reforms, tremendous changes have taken place in the province's economic situation. The province has already fulfilled more than 1 year ahead of schedule the main targets of the sixth 5-year plan. In the first 4 years of the plan, the annual industrial growth rate averaged 10.7 percent. Total industrial output value from January to September this year was 14.16 billion yuan, an increase of 13.2 percent over the same period last year. It is hoped that the figure for the whole year will reach 22.6 billion yuan, a rise of 14 percent over last year. Total agricultural output value last year was 5.97 billion yuan, an increase of 54.1 percent over 1980, having risen at an annual average rate of 11.4 percent. Despite serious natural disasters this year the figure should show a rise of 3.5 percent over last year.

The province has achieved basic balance of revenue and expenditure for 4 successive years. The revenue last year was 2.72 billion yuan, an increase of 29.7 percent over 1980. Revenue in the first 9 months of this year was 1.76 billion yuan, a rise of 9.1 percent over the same period last year. Total bank deposits at the start of this year were 9.57 billion yuan, an increase of 122 percent over 1980. Average savings per urban and rural inhabitant have increased from respective figures of 175.9 and 25 yuan in 1980 to 455 and 90 yuan.

These figures and this performance reflect the overall situation and the main current in the province's economic situation. We have taken steps to control the scale of investment in capital construction and appropriately limit the growth of credit capital and consumption funds. These measures are precisely aimed at ensuring that economic development is commensurate with our national strength.

If we only look at the partial, the side-issues, the phenomena, and present interests and fail to see the whole, the main current, the essence, and the long-term interests, we will make an erroneous evaluation of the situation and cause passivity in work.

We should also view the political situation in the province in the same fashion. As a result of bringing order out of chaos in politics and ideology and carrying out the necessary organizational readjustments, the leadership groups at all levels have been strengthened, their awareness of carrying out the central line, principles, and policies has been enhanced, and a political situation of stability and unity has emerged throughout the province.

Of course, while focusing our vision on the whole, the main current, the essence, and the long term, we must also look at the partial, the side-issues, the phenomena, and the present interests. This is not the purpose of negating the other aspect but for achieving still greater success in solving the existing problems and further developing the excellent situation. For instance, we should see that the results of building spiritual civilization are not yet good enough, and then proceed to analyze the reasons for this state of affairs and take appropriate and effective measures to change it as soon as possible. We should strengthen ideological and political work, strictly enforce party discipline, and state law, and bring about a fundamental turn for the better in party style and social mood as soon as possible.

With the correct leadership of the CPC Central Committee and the common efforts of the whole party and the people of the whole country, our situation is bound to get better and better, and we should strive still harder for a still brighter future.

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PROVINCIAL AFFAIRS

QINGHAI MEETING URGES PRECAUTIONS AGAINST CALAMITIES

HK300253 Xining Qinghai Provincial Service in Mandarin 2330 GMT 29 Oct 85

[Excerpts] The provincial CPC committee and government jointly held an urgent telephone conference on the evening of 29 October to make arrangements for protecting livestock from natural disasters. Vice Governor Gabulong pointed out at the meeting that according to the forecast, more moderate to heavy snow is expected in November and in February and March. In order to reduce the losses to the minimum, the provincial CPC committee and government demand that the party and government leaders at all levels and the cadres and masses do everything possible to resist these natural disasters.

Gabulong said: Doing a good job in disaster relief is a major affair with a bearing on the overall situation of the province's economy and on stability and unity. We must certainly not take it lightly. Places already hit by natural disasters must regard resistance and relief work as the overriding central task. Unaffected areas must put protecting livestock from natural disasters in an important place on their agenda.

Comrade Yin Kesheng presided at the meeting. Leading comrades including Song Ruixiang and Wu Chengen took part.

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PROVINCIAL AFFAIRS

NI ZHIFU IN TIANJIN

SK090846 Tianjin TIANJIN RIBAO in Chinese 27 Oct 85 p 1

[Text] On the afternoon of 25 October, Ni Zhifu, secretary of the municipal CPC Committee, came to the Tianjin first electroplating factory to view the new techniques, technology, and equipment developed by the electroplating enterprises over the recent years. He also viewed the exhibition of new products in this regard. During his visit, he carefully learned about the current situation and problems among the electroplating enterprises throughout the municipality and gave his personal opinions on the issue of how to develop basic industries in the municipality and carry out investigation over the basic industrial links.

Comrade Ni Zhifu stated: The municipal electroplating enterprises should accelerate their pace of adopting new techniques and developing new products by following the road of fostering coordination among the specialized departments and integrating their work with economic measures. Efforts should be made to gradually establish an integrated production system with the units in charge of scientific research, experiment, and the manufacture of special production equipment in order to not only render service to the society in the days to come, but also to provide the complete set of equipment for the enterprises throughout the country. These enterprises should strive to create their own characteristics in their techniques, technology, and product structure.

Comrade Ni Zhifu also stated: In line with the guiding ideology, it is imperative to define the municipal road along which the industrial enterprises are carrying out internal improvement and to place the emphasis of investment in technical renovations among the out-dated enterprises. Specifically speaking, we should first push forward technical progress among the basic industries of casting, forging, heat treatment, electroplating, and molding.

Comrade Ni Zhifu stressed: Carrying out investigation and study on the basic industrial links constitutes arduous work. The key to carrying out this work lies in working out some concrete policies and measures. Efforts should be made to formulate scientific and practically feasible work plans and to conduct necessary investigations among the enterprises and to establish an association among them in line with the principle of organizing coordination among the specialized departments and in line with the reasonable principles of the economy.

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PROVINCIAL AFFAIRS

NEI MONGGOL TECHNOLOGICAL ACHIEVEMENTS TRADE FAIR ENDS

SK020335 Hohhot Nei Mongol Regional Service in Mandarin 1100 GMT 1 Nov 85

[Excerpts] The second regional technological achievements trade fair ended in Hohhot on 31 October. Leading comrades of the regional party and government organs as well as the regional CPPCC Committee, including Xu Lingren, Zhou Rongchang, Ma Zhenduo, Chao Luomeng, Chen Bingyu, Han Ming, Baoyan Batu, and Yun Zhaoguang, and Ting Mao, member of the Central Advisory Commission, attended the closing ceremony.

This trade fair lasted for 22 days and was attended by more than 32,000 tourists and traders. Some 341 items on technology transfer and biddings for solving difficult technical problems were concluded. The total volume of technology-related transactions reached 15.34 million yuan. When completed, these project items will add more than 150 million yuan of output value and some 50 million yuan of profits and taxes to the region.

Nearly 1,000 new and quality products were on display and for sale. During the trade fair, the regional Economic Commission also appraised 140 new quality products. Some foreign product samples drew the attention of some enterprises.

During this trade fair, our region purchased more than 110 technological items for other localities. The regional Economic Commission selected 61 items for popularization and application in the relevant enterprises of the region.

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PROVINCIAL AFFAIRS

TIANJIN SEES BETTER ECONOMIC RESULTS FROM 1981 TO 1985

SK310435 Tianjin City Service in Mandarin 0030 GMT 30 Oct 85

[Text] During the period covered by the Sixth 5-Year Plan, various economic departments in the municipality have strived to strengthen management and operation, raised their assimilation ability, improved the macroeconomic and the departmental economic results, and made progress in major targets.

Comparing 1984 with 1980, the national income created by each social worker rose from 2,738 yuan to 3,164 yuan, showing a yearly average increase of 3.7 percent; and the newly added national income from each 100 yuan of accumulation increased at an average rate of 6.3 percent. Despite the relatively big changes in prices of raw materials and products, the 1984 provincial revenue is estimated at 4.1 billion yuan, a 3.8-percent increase over 1983. In the 5 years covered by the Sixth 5-Year Plan, the accumulated provincial revenue is estimated to reach 19.8 billion yuan, a 9-percent increase over the period covered by the Fifth 5-Year Plan. The per capita productivity of the state industrial enterprises exercising independent accounting increased from 1,500 yuan in 1980 to 21,500 yuan in 1984. Enterprises exercising independent accounting have lowered their energy consumption for each 10,000 yuan of output value, and saved a total of 1.2 million tons of standard coal in 4 years. Economic results of agricultural and construction departments have also increased rapidly.

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PROVINCIAL AFFAIRS

TIANJIN MUNICIPALITY'S ECONOMIC, SOCIAL DEVELOPMENT VIEWED

SK820945 Tianjin City Service in Mandarin 2330 GMT 27 Oct 85

[Text] According to the data provided by the municipal Statistical Bureau, Tianjin Municipality has seen steady, sustained, and all-round economic development during the Sixth 5-Year Plan period. Reform and the work of opening to the outside world have progressed vigorously and steadily. Marked improvements have been made in the reconstruction projects after the earthquake, in urban construction, and in the living standards of the urban and rural people. Science and education have vigorously developed. The markets have been brisk and the social order has been stable. Financial output has increased.

Most of the main targets set in the Sixth 5-Year Plan are expected to be fulfilled or overfulfilled.

Years of practice have shown that Tianjin Municipality's national economy has initially opened up a new path characterized by a trustworthy speed of development, good economic results, strong market vitality, and more actual benefits for the livelihood of the people. This has provided a foundation for economic development during the Seventh 5-Year Plan period. We can say that the Sixth 5-Year Plan period is one of our municipality's best periods of economic development, historically, since the founding of the PRC. Judging from the fulfillment of the major targets set in the Sixth 5-Year Plan, it is expected that national income will reach 13.9 billion yuan in 1985, surpassing the planned target of the Sixth 5-Year Plan by 18.8 percent. The total industrial and agricultural output value is expected to reach 31.67 billion yuan, exceeding the planned target by 20 percent. These two targets attained the level set in the Sixth 5-Year Plan 1 year ahead of schedule. Most of the major targets in industry, agriculture, communications and transport, commerce, urban construction, culture, education, and public health reached or surpassed the levels set in the Sixth 5-Year Plan. It is estimated that the average annual increase in the total industrial output value in the years will be 8.5 percent. The output of 22 of the 65 major industrial products listed in the Sixth 5-Year Plan attained the prescribed levels 1 or 2 years ahead of schedule. The average annual increase in the total agricultural output value is estimated at 13.3 percent, greatly exceeding the Sixth 5-Year Plan. The average annual increase in the total retail sales of commodities is estimated at 13.6 percent, greatly exceeding the growth rate of 6.8 percent in the Sixth 5-Year Plan.

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PROVINCIAL AFFAIRS

JIANGSU GOVERNOR REPORTS ON ECONOMIC SITUATION

OW040004 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 31 Oct 85

[Excerpts] On the morning of 31 October, Jiangsu Provincial Governor Gu Xiulian, in line with the guidelines of the National Conference of Party Delegates with the actual situation in Jiangsu in mind, made a report on the economic situation and reform in the economic structure to 3,000 cadres, instructors of political theory, teachers in charge of classes and backbone students of all institutes of higher learning in Nanjing at the Nanjing Great Hall of the People.

Touching on structural reform, Gu Xiulian said: The good situation in the province today results from our persistent reform. To solve existing questions, we must still rely on reform. Therefore, we must put reform above all else. We must study in good time the solution to questions emerging from reforms.

After introducing the ideas of Jiangsu's economic development and dwelling on the problems facing Jiangsu, Gu Xiulian called for comrades on the higher education front to make concerted efforts to fulfill the Seventh 5-Year Plan. She called for all institutes of higher learning to meet the three demands set on higher education by the central authorities in the Seventh 5-Year Plan so as to create a new situation in higher education work, conscientiously grasp the construction of spiritual civilization, continue to strengthen ideological and political work, and treasure and uphold the political situation of stability and unity.

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PROVINCIAL AFFAIRS

JIANGSU MEETING CONSIDERS CITY DEVELOPMENT

OW301439 Nanjing XINHUA RIBAO in Chinese 22 Oct 85 p 1

[Special dispatch from Lianyungang by Zheng Cuihua and Wu Naihua]

[Excerpts] The Ministry of Communications and the Jiangsu Provincial Government invited representatives of six provinces and an autonomous region to a meeting in Lianyungang City on 19-21 October to discuss how to make joint efforts to develop the city.

Some 120 people attended the meeting. They included Qian Yongchang, minister of communications; Zheng Guangdi, vice minister of communications; Gu Xiulian, governor of Jiangsu Province; Hou Zongbing, vice governor of Gansu Province; Ji Hanxing, vice chairman of the Henan Provincial People's Congress Standing Committee; Wang Zhen, and advisor to Shaanxi Provincial Government; and responsible persons of the departments concerned of Anhui, Qinghai, Xinjiang, the State Planning Commission, the State Economic Commission, and the Ministry of Railways.

Minister Qian Yongchang addressed the meeting.

Governor Gu Xiulian also spoke at the meeting.

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PROVINCIAL AFFAIRS

XINJIANG 'COURTYARD ECONOMY' DEVELOPING WELL.

Beijing RENMIN RIBAO in Chinese 3 Oct 85 p 2

[Article by Li Du [2621 3256] and Lan Xiao [5695 2556]: "Xinjiang Production and Construction Corps Conducts Active Experiments, Sums Up Experience, Has Good Success in Developing 'Courtyard Economy'"]

[Text] The Xinjiang Production and Construction Corps has achieved good economic results in developing the "courtyard economy."

Although most farms raised production after the corps fully implemented the agricultural output-related responsibility system in 1983, a few poorly managed farms took the "three high" step of high targets, high profits and high turnover to the higher authorities in order to reverse losses. Consequently, staff members and workers made few profits and even reduced production or went into debt.

The corps party committee tried actively to find a way to solve this difficulty. At the beginning of 1984 and after investigation and study, it suggested setting up the "courtyard economy," setting aside some state-owned lands as residential bases and private plots for farms workers and establishing the "courtyard economy" with the peasant household as the unit. It gave individual farm workers the right to plant, manage, harvest and market in courtyards without state tax collection. After fulfilling their field contract duties, farm workers could develop their own courtyard economy with full autonomy. This step did quite a good job of raising the land utilization rate, unearthing potential qualified personnel and effectively raising farm workers' personal income and was greatly welcomed by farm workers. Income from properly managed courtyards was able to quickly exceed that of highly paid grassroots cadres. Some grassroots cadres thought that this enriched individuals at the expense of the state and had problems in popularizing it. Only 3 percent of peasant households throughout the corps chose to use courtyards in 1984.

The corps party committee used various meetings to organize cadres to study three relevant Central Committee "No 1 Documents," grasp thoroughly the essence of the party's policy of enriching the people, study and discuss the characteristics, status quo and future of corps agriculture and analyze carefully the pros and cons of the courtyard economy. It also conducted

active experiments and acquired successful experience. It did patient and painstaking ideological work on certain unconvinced grassroots cadres and severely criticized certain incorrect views. Corps Commanders Chen Shi [7115 1395] was highly determined and organized many on-the-spot investigations, which he supervised and checked up on personally. He said that not allowing staff members and workers to get rich first and advocating that the state (referring actually to farms) get rich first sets the two against each other, making it impossible for either to get rich and causing everyone to continue to be poor.

At the end of 1984, the Corps party committee summed up the advantages of the courtyard economy and unified everyone's understanding, and in 1985, the courtyard economy finally began to develop vigorously like bamboo shoots after a spring rain. Conditions on advanced farms which carried it out early show that the courtyard economy had had great vitality, quickly raised staff member and worker production enthusiasm and increased income greatly. In addition, field contract duties have also been fulfilled well, of course, with contract percentage deductions and various sideline tax revenue having not only ensured, but also increased farm income.

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PROVINCIAL AFFAIRS

NI XIANCE ON JIANGXI ECONOMIC DEVELOPMENT PLAN

OW010939 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 29 Oct 85

[Excerpts] At the second enlarged plenary session of the Eighth Jiangxi Provincial Party Committee on 28 October, Ni Xiance, deputy secretary of the provincial party committee and provincial governor, explained the draft of a tentative proposal for Jiangxi's economic and social development in the Seventh 5-Year Plan drawn up by the provincial people's government. The six-point explanation made by Governor Ni Xiance included the process of forming a tentative proposal for Jiangxi's Seventh 5-Year Plan; Jiangxi's current economic situation; key issues to be firmly grasped in the Seventh 5-Year Plan period; the question of reform; promotion of both spiritual and material civilizations; and the principles under which the 1986 and 1987 plans are to be drawn up.

Governor Ni Xiance pointed out: Jiangxi still faces problems of hasty increase in consumption funds; failure to produce consumer goods in demand; shortage of energy resources and transport facilities poor circulation; and poverty in some old liberated areas. All these must be seriously solved during the Seventh 5-Year Plan period. We must reach a common understanding on the four important issues; speed of development, scope of investments, market and commodity prices, and diligence and economization.

On the question of reform, Governor Ni Xiance said: To persistently put reform above all else is the most important basic guiding principle the economic and social development in the Seventh 5-Year Plan period must follow. The Seventh 5-Year Plan period is a crucial period for reform of the economic structure. By making various reforms, we must strive to lay the foundation of a socialist economic structure with Chinese characteristics full of life and vigor in the coming 5 years or longer. We must also make reforms in science and technology and education so as to promote the development of science and technology, improve cultural quality, and train more fine, qualified personnel.

Governor Ni Xiance also explained the importance and need to promote both spiritual and material civilizations. He said: Socialist spiritual civilization not only spurs the building of a material civilization but also guarantees the correct orientation of its development. All policies of opening tthe outside world and invigorating the economy are for the purpose of promoting socialism with Chinese characteristics. We must never slacken our efforts to build a socialist spiritual civilization.

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PROVINCIAL AFFAIRS

NEI MONGGOL WORKERS CONGRESS OF COLLECTIVE ENTERPRISES ENDS

SK280006 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 23 Oct 85

[Excerpt] After successfully accomplishing all items on the agenda, the 3-day fourth workers congress of collective enterprises under the regional Second Light Industry Bureau ended in Hohhot on the afternoon of 22 October. Some 300 representatives of all nationalities on the region's second light industrial front happily gathered in the same hall to discuss ways to invigorate and develop the second light industry.

Attending the congress were the regional party and government leading comrades, including Bu He, Tian Congming, Li Xiangyi, Zhou Rongchang, Ma Zhenduo, and Liu Zuohui. Responsible comrades of departments concerned also attended the congress. The Ministry of Light Industry and the All-China Federation of Handicraft Cooperatives dispatched persons to the congress to extend congratulations. Leaders and representatives of departments concerned from 12 fraternal provinces and regions attended the congress, or sent congratulatory letters and messages to the congress.

Ma Zhenduo, Standing Committee member of the regional CPC Committee and vice chairman of the region, delivered a speech at the congress on ways to successfully reform the collective enterprises under the Second Light Industry Bureau and to promote the prosperity and development of such enterprises. He said: We should correctly understand the important position and role of such enterprises in developing the entire national economy. The collective sector of the economy of the Second Light Industry Bureau constitutes an important part of the socialist economy. At present we should pay special attention to creating conditions for the development of the urban and rural economy and the collective and individual economy.

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CSO: 4006/228

PROVINCIAL AFFAIRS

NEI MONGGOL OVERFULFILLS INDUSTRIAL OUTPUT PLANS

SK310149 Hohhot NEIMENGGU RIJAO in Chinese 15 Oct 85 p 2

[Text] The region has overfulfilled the industrial output targets set in the "Sixth 5-Year Plan" ahead of schedule thanks to the conscientious implementation of the principle of "readjustment, restructure, consolidation, and improvement" and the principle of "opening to the outside world" by the cadres, staff, and workers of all nationalities on the industrial front.

The yearly increase of the industrial output value from 1981 to 1984 averaged 8.7 percent. In 1984, the total industrial output value reached 8.213 billion yuan, thus the region prefulfilled the 1985 target set in the "Sixth 5-Year Plan" by 1 year. It is expected that the region's total industrial output value in 1985 may reach 9 billion yuan. The average yearly increase rate will reach about 8.9 percent, surpassing the target for a 5.5 percent increase set in the "Sixth 5-Year Plan" by a big margin.

The proportion of the light industry in the entire industry has been developed coordinately. From 1981 to 1984, the annual average increase of the light industrial output value registered 9.2 percent and that of the heavy industrial output value, 8.3 percent. The increase rate of the light industrial output value was higher than that of the heavy industrial output value. The proportion of the light industrial output value in the entire industrial output value increased from 40.2 percent in 1980 to 42.1 percent in 1984, while the proportion of the heavy industrial output value in the entire industrial output value was reduced from 58.8 percent in 1980 to 57.9 percent in 1984.

The economic results have been improved remarkably. In 1984, the per capita productivity of the independently accounting state-owned industrial enterprises reached 8,361 yuan, showing an increase of 1,801 yuan or 27.45 percent over 1980, registering an annual average increase of 6.3 percent, and surpassing the target for a 3.8 percent increase set forth in the "Sixth 5-Year Plan" by a big margin. The profits and taxes realized from each 100 yuan of funds reached 10.39 yuan, an increase of 51.46 percent over 1980. The circulating funds for each 100 yuan of output value were reduced year by year and from 52.2 yuan in 1980 to 42.1 yuan in 1984.

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CSO: 4006/229

PROVINCIAL AFFAIRS

JIANGSU GOVERNOR ON RURAL INDUSTRY DEVELOPMENT

OW071226 Beijing XINHUA in English 0740 GMT 7 Nov 85

[Text] Nanjing, November 7 (XINHUA)--East China's coastal Jiangsu Province has found a new way of ensuring a steady growth of grain production while expanding rural industries.

According to a recent decision of the local People's Government, the rural factories are required to invest in farmland improvement schemes and provide other forms of aid and services to grain producers.

The decision was made in line with the central government's policy of not relaxing grain production while developing commodities.

Jiangsu is one of the earliest provinces to start rural industries and also one of China's major grain producers. The new policy is aimed to regulate the relationships between grain production and industrial development in the locality, which are interdependent, said Gu Xiulian, the provincial governor.

Gu said rural factories manufactured 22.5 billion yuan worth of products last year, surpassing the combined output value of farming, forestry, animal husbandry and fisheries for the first time and, therefore, they were in a good position to aid grain production.

According to the decision, the rural factories are required to invest in farmland improvement projects while the local government undertakes the construction of large water conservancy and irrigation works.

In addition, they are required to provide grain growers with funds, seeds, machinery and processing and other services.

Now more than 5,410,000 peasants have left the land to work in rural enterprises and the land they used to till have been turned over to those who are more skillful in farming.

The governor said that Luyang Township in Kunshan County has already set an example in aiding local grain growers.

Twenty-nine peasant families in the township have contracted 116 hectares of farmland, and rural enterprises cover the fees as the public accumulation and welfare funds for them.

These households also receive 20 yuan in subsidies from local factories for every ton of grain they sell to the state, as well as an extra 300 yuan for farming 1 hectare of land a year.

They also receive aid from industry in the form of superior strains of crops, chemical fertilizers and farm machines.

The governor said that the provincial government has invested 1.58 billion yuan in farmland improvement schemes since 1978, all drawn from the profits delivered by rural industries, almost as much as the provincial government has invested in the entire agricultural sector during the period.

The governor urged rural industries to expand the processing of farm products and related services such as storage, packing, transport, supply and marketing, and produce more high-quality and low-priced farm machinery for peasants. The governor also urged the setting-up of more farm machinery, pest-control, water-conservancy and seed enterprises.

Farm mechanization is now widespread in Jiangsu. Machines with a total of 20 million horsepower now operate on 4,630,000 hectares.

Expanding rural industry and ensuring steady grain production are essential to boosting the rural economy and achieving common prosperity in the countryside, the governor said.

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PROVINCIAL AFFAIRS

LIAONING SECRETARY ON WORK PLANS FOR WINTER, SPRING

SK300003 Shenyang LIAONING RIBAO in Chinese 11 Oct 85 p 1

[Text] "The building of material and spiritual civilizations should be grasped simultaneously at any time. The more we carry out reform, open to the outside world, and invigorate the economy, the more we should strengthen the building of socialist spiritual civilization and the party's ideological and political work." The above statement was prominently stressed by Li Guixian, secretary of the provincial CPC Committee, at the enlarged Standing Committee meeting of the provincial CPC Committee which closed yesterday.

At the 4-day enlarged Standing Committee meeting, Comrade Sun Weiben relayed the guidelines of the National Conference of CPC Delegates and Comrade Quan Shuren relayed the guidelines of the National Forum on Economic Work. More than 2,000 persons, including leaders of the various provincial-level departments, commissions, offices, and bureaus, retired veteran cadres, secretaries of various city CPC committees, and mayors heard the reports. Comrades attending the meeting conscientiously studied the documents of the National Conference of CPC Delegates and the important speeches of the central leading comrades, and carried out enthusiastic discussions. At the end of the meeting, Comrade Li Guixian drew up work plans for this winter and next spring in line with the guidelines of the National Conference of CPC Delegates and our province's actual situations.

1. Conscientiously study, publicize, and implement the guidelines of the National Conference of CPC Delegates. Studying the documents adopted at the national conference and the important speeches of the central leading comrades is conducive to unifying the ideology and action of the broad masses of party members, cadres, and the masses throughout the province. It is the current important task of the party organizations at all levels. While studying the documents, we should closely integrate our ideology with practical work, and stress the understanding and clarification of the following issues: First, we should deeply understand and clarify that the seven years since the 3d Plenary Session of the 11th CPC Central Committee are one of the periods of crucial importance and a period of the best economic and political situations since the founding of the PRC. The party's line, principles, and policies defined during this period are correct and successful. Second, we should deeply understand and clarify the guiding principles, fighting objective, rate of construction, development strategy, and policy measures set forth in the

suggestions of the Seventh 5-Year Plan, and further promote a sustained, steady, and coordinated economic development. Third, we should deeply understand and clarify the guidelines and basic principles for reform, further strengthen our confidence in reform, and resolutely make reform successful. Fourth, we should deeply understand and clarify that realizing a ladder-shaped structure in the replacement of old cadres with new cadres of the central leading organs is of great strategic importance in ensuring the continuity of the party's line, principles, and policies, and the stability of the party's collective leadership. We should promote cooperation between old and new cadres and the replacement of old cadres with new cadres, strengthen the leading bodies at all levels ideologically and organizationally, and improve their workstyle. Fifth, we should deeply understand and clarify that the building of spiritual civilization is extremely important and we should be resolute in changing the situation of neglecting ideological and political work in an effort to ensure the smooth progress in the building of the material civilization. To deeply understand the document guidelines, we should particularly grasp education on the current situation and policies well, guide the broad masses of cadres and the masses to apply the dialectical materialist viewpoints, and correctly understand the relationships between the essentials and the nonessentials in the current situation, the part and the whole, the collective and the individual, as well as the long-term interests and the immediate interest. We should use vivid and convincing facts to show the correctness of the party's policy of opening to the outside world and invigorating the domestic economy. In addition to opening the province to the outside world and invigorating the economy, we should strictly guard against and resist the decadent capitalist corrosive ideological influence and attend to the state of mind of the people. The CPC committees at all levels should realistically strengthen leadership over the study of guidelines. Leading cadres should take the lead in studying documents and in giving convincing explanations to the cadres and the masses, listen to their opinions, and answer their questions.

2. Firmly help the people carry out production through self-reliance and make proper arrangements for the livelihood of the urban and rural people. We should ensure that the disaster victims have food, firewood, clothing, and shelter, and that none of them will die of hunger, cold, and untimely medical treatment, and that none of them leave from a famine-stricken area. We should conscientiously implement the relief policies of relying on the masses and the collectives to help the people carry out production through self-reliance, to provide aids and relief, and to help the country when necessary. Just a little more than a month is left before winter. We should race against time to solve the housing problems of the victims, properly arrange winter grain rations for the masses of the disaster-stricken areas, and earnestly attend to the grain purchases and sales. The leading comrades of the CPC committees at all levels should do a good job in conducting investigations and research, get an accurate grain output figure in a down-to-earth manner, and make proper arrangements for grain purchases on this basis. We should vigorously prepare for next year's production, repair and rebuild water conservancy projects damaged by floods, and repair the damaged projects in groups and stages and by adopting unified plans, dividing up the work and assigning a part to the individual or group, dividing up responsibilities to different levels, and

establishing the responsibility system at all levels. The current important task is to repair those projects which will affect next year's production and safety for flood prevention. Liaoning Province will not have peace if we fail to harness Liao He. Beginning this winter, while removing obstacles from the rivers, we should devote a period of 5 years to comprehensively harness Liao He. In order to make proper arrangements for the urban and rural markets, we should mainly grasp three tasks well. First, we should ensure the supply of nonstaple foods for the urban areas. To begin with, we should try all possible means to find the sources of goods, grasp purchases, and make proper arrangements for the supply of autumn vegetables. Meanwhile, we should arrange more bean products and attend to meat supplies. Second, we should make adequate arrangements for the rural industrial goods markets, vigorously deliver more industrial goods to the rural areas through various forms of business activities, and attend to rural commodity supplies during the busy season. Third, we should strictly control price rises and realistically prevent the prices of vegetables, meat, and perishable nonstaple foods from rising too high. In addition, we should also strengthen price control over industrial goods. By no means should we allow anyone to raise prices at will or in a disguised form.

3. Persist in reform, open to the outside world, invigorate the economy, and promote a sound economic development. This winter and next spring, we should focus the province's economic work on reform. The main tasks and requirements of the urban economic structure reform should be on simplifying administration and decentralizing power and strengthening the vitality of enterprises continuously, particularly the vitality of large- and medium-sized state enterprises. At present, all enterprises should fix their eyes inward, carry out coordinative work to cope with the overall reform, break with barriers and blockades between departments and regions, and develop commodity markets under a planned guidance. We should continue to open the province to the outside world, speed up the construction in the coastal ports of Dalian, Dandong, and Yingkou and the building of bases for export commodities and foreign trade. Efforts should also be made to do a good job in price and wage reforms, and pay attention to studying and solving new problems arising in the course of reform in order to ensure and promote a steady economic development. We should make adequate arrangements for industrial and communications production during this winter and next spring, and stress the improvements in management level, product quality, and economic results. We should resolutely control the scope of investment fixed assets, especially capital construction projects, further sort out this year's capital construction items, and resolutely drop, postpone, and ensure the construction of a number of projects. We should firmly grasp the technological transformation of outdated enterprises and strive to complete and put into operation all projects under transformation on the premise of ensuring their construction quality so that they can yield desired results at an early date. We should conscientiously grasp the work of creating foreign exchange and using foreign capital. All localities, departments, and enterprises should do everything possible to organize production of export products in the last few months of this year, strictly fulfill state contracts, and strive to fulfill this year's exports purchase plans.

4. Vigorously strengthen the building of socialist spiritual civilization. The building of material and spiritual civilizations should be emphasized simultaneously and be grasped at any time. In the past few years, the central authorities repeatedly stressed the building of spiritual civilization. The various localities have done much work. However, some noteworthy problems still exist in the party style and the general mood of society. There are three main aspects: a. The principle of commodity exchange has intruded into the political, ideological, and cultural spheres as well as into the livelihood of the people and some persons have put money above everything else. Some cadres, staff, and workers have used the powers, and working conditions given them by the peoples as means to seek personal gains in order to reap unfair gains. b. The tendencies of bourgeois liberalism, literary and art commercialization, and publication liberalization has emerged at any time, harmfully effecting young people. Things of the old society are being brought back to life. c. Some party members and cadres, including cadres undertaking leadership responsibilities, are blunt in ideals and conviction. They ask for official posts and better wages, have the workstyle of indulging in idle talk and exaggeration, and seek ease and comfort in their livelihood. The last one is the manifestation of unhealthy party style and the reason for our failure in effectively solving the first two problems. All this shows that strengthening socialist spiritual civilization is a task of top priority. We should earnestly understand the importance of this issue, and take the National Conference of CPC Delegates as a turning point. The provincial and city CPC committees should take the lead in concentrating their main energy on strengthening the building of spiritual civilization, and strive for a fundamental turn for the better in party style and general mood of society in the next 2 years.

To strengthen the building of spiritual civilization, at present, we should prominently grasp the following tasks well:

1. We should persist in attaining high standards in party rectification and further straighten out party style. Leading comrades at all levels should pay attention to the mood of relaxation emerged in the current party rectification work and never carry out party rectification perfunctorily. We should implement the guidelines of the National Conference of CPC Delegates in the course of party rectification and building the party. All units, including those which have completed or are carrying out party rectification, should study and implement the guidelines of the National Conference of CPC Delegates, devote a period of time to conducting education and catch-up courses on strengthening party spirit, correcting party style, and intensifying party discipline. In the course of party rectification, we should prominently stress the correction of party style, and persist in checking unhealthy trends and violations of discipline whenever discovered.

2. We should resolutely check and eliminate all corrupt phenomena which seriously harm the general mood of society, relentlessly check the gambling trend, consolidate the cultural markets, ban all business videotape projection units and dancing parties, consolidate false companies, and never allow things of the old society to be restored.

3. We should strengthen ideological and political work and its system, conduct education on ideals and discipline with a purpose, including the education on patriotism and revolutionary traditions, among the party members and the masses, and through education, enable them to consciously foster lofty communist ideals, to overcome all harmful tendencies, to firmly adhere to the socialist orientation, and to foster a purpose of wholeheartedly serving the people. At present, the main problem is that we dare not to and are too lazy to strengthen ideological and political work. Such a weak and listless manifestation must be resolutely eliminated. We should clarify that the political work experiences accumulated in the practice of protracted revolution and construction are not outdated. If we fail to give full play to such superiority, the combat strength of our party will be weakened automatically. While conducting ideological and political work in the new period, we should set new demands, and explore new contents and methods. However, all this will not come automatically. We should not stop our work and wait for them. As long as we dare to and are diligent in doing ideological and political work, we can explore new substance and methods and sum up experiences in the course of practice, and can unceasingly improve the ideological and political work. We should grasp the propaganda of advanced models and publicize the advanced personages, and units emerged on all fronts, good persons and deeds emerged in the course of combating floods, dealing with emergencies and sending relief, and the heroic deeds of the Yunnan frontier model heroes and the PLA units who have participated in rescuing people and salvaging property. At present, we should pay special attention to the ideological and political work of college students, conduct education on the current situation and policies, and strengthen the political work system of various large enterprises, colleges, and universities.

4. We should conscientiously improve the workstyle of leaders and further promote the workstyle of working hard. During this antiflood struggle, most cadres fought in the van, gave consideration to the whole situation, worked unselfishly for the public interests, and behaved very well. "Cadres of the communist party always help us during dangerous and disastrous moments." This is a just appraisal given by the people as well as a citation, showing that our cadres have inherited the fine traditions of the party. However, we should not deny that in the past few years, the tendencies of deviating from the masses, and of extravagance and waste existed among some cadres. They indulged in the old official habits of ostentation, extravagance, lavish dining and wining, and arbitrary spending. This should be called to the attention of all comrades. We should promote the workstyle of hard work with actual deeds and should not just pay lip service. We should act just as what Comrade Xiaoping pointed out that "the most important thing for young and middle-aged cadres is to carry on the veteran comrades' heroic spirit of adhering to the revolutionary fighting orientation." Leading cadres at all levels should set examples and realistically foster the workstyle of working hard, and popularize such workstyle. It is a rule that when leading cadres go to the grassroots levels, they should not be given receptions, welcome parties, or banquets. They should not accept gifts. In the future, whosoever violates this rule should be considered as violating the discipline. Those who give and accept gifts and invitations should be criticized in public. It

is hoped that through the joint efforts of all, the recent existing unhealthy trends of dining, wining, and giving gifts will be checked. We should overcome the bureaucratic workstyle, strive to free ourselves of piles of documents and many meetings, go to the masses, and conduct investigations and research among them. The tasks for this winter and next spring are arduous. We should implement them one by one. We may also meet with some difficulties. Concrete difficulties should be discussed and studied for a solution and by no means should we indulge in empty talks or exaggeration. We should do some good things in a down-to-earth manner, and overcome difficulties along with the broad masses of people in order to yield actual results.

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PROVINCIAL AFFAIRS

HEILONGJIANG CIRCULAR ON ARRANGEMENTS FOR WINTER, SPRING WORK

SK120524 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 11 Nov 85

[Text] In a recent circular on arrangements for the work of the coming winter and spring, the provincial government pointed out: Success in the work of this coming winter and spring has a very important significance both in comprehensively fulfilling the provincial plan for national economic and social development this year and in making a solid step forward next year.

The provincial government called for efforts to carry out the following 10 fields of work successfully in the coming winter and spring:

First, reform of the entire economic structure focusing on cities should be continued successfully. We should further simplify administration and delegate more power to the lower levels, and see to it that the power of operation and management that should be given to enterprises is truly delegated to enterprises. It is necessary to introduce the system of having plant directors assuming full responsibility for the targets to be achieved during their terms of office; further improve the household output-related contract responsibility system applied to vegetable farmers in rural areas and on the outskirts of cities; intensify the investigations on and the study of the economic reform of state farms; continue to explore ways of developing family-based farms and the rural cooperative economy; and continue the wage reform successfully.

Second, preparations for reaping an overall good harvest in agriculture should be stepped up. We should regard production in order for disaster areas to provide for and help themselves and arrangements for disaster victims to tide over winter as tasks of paramount importance in rural areas; carry them out successfully from the beginning to the end; and strive to make the disaster areas recover from the damage within the year. We should implement to the letter the policies on sorting out and eliminating irrational burdens on peasants, make solid preparations in the fields of production, technology and funds, and lead peasants in collecting production funds through self-reliance. Agricultural loans next year should be used mainly in developing grain production, and also be used properly in supporting diverse production and township enterprises. Township enterprises should be developed according to specific local conditions.

Third, industrial and communications production should be carried out successfully with the focus on improving economic results. Departments in charge of

enterprises and other pertinent departments should create favorable conditions in and outside enterprises in order for large and medium-sized enterprises to gain vigor. We should strive to truly invigorate about 40 percent of the large and medium-sized enterprises throughout the province by the end of March next year. We should also exert great efforts to develop small- and medium-sized enterprises.

Fourth, we should attend to commodity purchases, ensure industrial production, and make good arrangements for urban and rural markets in the peak season. It is necessary to do a good job in the purchase of farm and sideline products, such as grain and hogs; make a success of both market supply and exports; open up more avenues for purchases of commodities from various sources; and strive to provide markets with a rich array of quality and readily marketable commodities. We should stabilize commodity prices, strengthen market management, persistently carry out the principle of exercising effective control over major issues while allowing flexibility on minor ones, and place emphasis on stabilizing the prices of major nonstaple foods such as pork, vegetables, and eggs.

The other six fields of work that should be carried out in the coming winter and spring as requested by the provincial government in its circular are to increase revenue and cut expenditures with great efforts in order to ensure a balance between revenue and expenditures; to further carry out foreign economic relations, trade and technological exchanges successfully; to conscientiously do the work in the fields of science and technology, education, culture, public health, and sports; to enforce the system of leaders assuming full responsibility and paying close attention to production safety; to improve public security with great efforts; and to strengthen leaders over the work for the coming winter and spring.

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PROVINCIAL AFFAIRS

SHANDONG'S DEVELOPMENT IN SIXTH 5-YEAR PLAN PERIOD

SK081020 Jinan DAZHONG RIBAO in Chinese 26 Oct 85 pp 1, 3

[Text] During the Sixth 5-Year Plan period, our province has implemented the policies of readjustment, restructuring, consolidation and improvement, of enlivening the domestic economy and opening to the outside world, thus bringing about a sustained, stable, and coordinated development in the national economy and encouraging new changes.

The national economy has developed in a sustained and stable manner. During the "Sixth 5-Year" Plan period, our province changed the past practices of achieving large-scale growth in the national economy at one time and suffering a large-scale decline at another, and the past standstill in the national economy, and brought about a new situation of sustained, stable, and coordinated development. During the "Sixth 5-Year" Plan period the average annual growth of total product of society was 12 percent, that of industrial and agricultural output value 11.5 percent, and that of national income 11.8 percent.

The ratio between the different branches of the national economy has grown more balanced. Thanks to the implementation of the policy of readjustment over the past 5 years, the province's ratio of industry to agriculture, of light industry to heavy industry, and of accumulation to consumption has become more rational. In the total industrial and agricultural output value, the output value of agriculture increased from 36.2 percent in 1980 to 43 percent in 1984 thanks to more rapid development in agriculture. In industry, the ratio of light industry to heavy industry was adjusted from 50.9 to 49.1 in 1980 to 54.9 to 45.1 in 1984. Through the readjustment, the situation of heavy industry occupying too large a proportion while light industry occupying too small a proportion prevailing in the "Fifth 5-Year" Plan period has changed. In national income, the proportion between accumulation and consumption has also been improved. During the "Sixth 5-Year" Plan period, the national income witnessed a fairly large increase, and the average annual growth in the per-capita consumption level of the people was 8.1 percent, exceeding that of 7.7 percent achieved during the "Fifth 5-Year" Plan period.

The rural economy has developed rapidly. Our province has conscientiously carried out the party's various rural policies and introduced and improved the contract responsibility system, thus effectively boosting the enthusiasm of peasants and creating a new situation of sustained and all-round development

in the rural economy. During the "Sixth 5-Year" Plan period, the rural total product continuously increased by 12 percent annually. Grain production was 47.6 billion jin in 1980, exceeded 60 billion jin in 1984, and is expected to be higher than 62 billion jin. New breakthroughs were achieved in cotton output during the "Sixth 5-Year" Plan period. It reached 34.5 million dan in 1984. The 5 years' output was more than the total of the previous 30 years. Sufficient raw materials were thus provided to the light and textile industries. New changes have taken place in rural production setup due to the deepening of the reform of the rural economy. In agriculture as a whole, unitary planting has gradually been changed into the diverse development forestry, animal husbandry, sideline production, and fisheries. The proportion of output value of diverse production in the agricultural output value increased from 29 percent in 1980 to 34.2 percent in 1984. In planting, the ratio of grain crops to cash crops was readjusted. The proportion of cash crops increased while that of grain crops declined. The entire rural economy is developing toward specialization, commodity production, and modernization.

New changes have taken place in the pattern of the investment in fixed assets. During the "Sixth 5-Year" Plan period, investment in the fixed assets of state enterprises is expected to reach 26.8 billion yuan, 59 percent more than in the "Fifth 5-Year" Plan period. Investment in expanding production through expanding construction began to be shifted to investment in expanding production through tapping potentials. The investment in updating equipment, technical transformation, and other aspects in the total investment in fixed assets increased from 16.6 percent in the "Fifth 5-Year" Plan period to 45.3 percent. In investment in capital construction, new changes also occurred in the proportion of investment in energy, communications, and other key projects. During the "Sixth 5-Year" Plan period, 42 key projects will be completed or partially completed, of which one-third are energy and communications projects. They include Jinan's highway bridge spanning the Huang He, which is the largest reinforced concrete stayed-cable bridge of Asia; the Yanzhou-Shijiusuo railway; double-tracking of the Qingdao-Jinan railway; the Xinglongzhuang coal mine in the Yanzhou mining area; the Shiliquan Powerplant; the Yantai synthetic leather plant; Shijiu Harbor; and other key state and provincial construction projects. In addition, investment in urban public facilities and residential housing, which should have been built years ago, has also increased every year. During the "Sixth 5-Year" Plan period, 3.24 million square meters of residential housing was completed every year, 25 percent more than the annual amount of housing built during the "Fifth 5-Year" Plan period.

Remarkable achievements have been scored in restructuring industry. During the "Sixth 5-Year" Plan period, we implemented the policy of economic reform, readjusted the proportions of the various branches of industry, and invigorated enterprises. Industrial production in our province developed in a stable manner, and the industrial output value increased by an average of 10.8 percent annually. Production of light industrial consumer goods developed rapidly, with the pattern and variety being increased, and quality improved. In heavy industry, production of energy, communications, and power developed fairly rapidly. In 1984 crude oil production exceeded 20 million tons. It is expected to reach more than 25 million tons this year, accounting for more than 50 percent of the total energy output. Distribution of industry became more rational after readjustment. The "Sixth 5-Year" Plan period witnessed a fairly

great development in township industrial enterprises. Their output value is expected to exceed 6 billion yuan in 1985. They have become a production force with great potential in the industrial production of our province.

The various sectors of the economy have developed simultaneously. In the past 5 years, when carrying out economy work, our province properly handled the relationship of the interests between the state, the collective and the individual with the guidance of state policies and plans. On the premise that the state sector of the economy occupies a predominant position, the collective and the individual sectors of the economy were actively encouraged and supported, thus bringing about a thriving scene in which various channels of circulation, various ways of operation, and various economic systems developed simultaneously. By the end of 1984, 47,000 new economic associations and 347,000 specialized households had emerged in rural areas of our province. By the end of 1984, the province had built 56 trade centers of various categories, and increased the number of licensed individual-run commercial units from 40,000 in 1980 to 430,000, more than a 10-fold increase. Coexistence of the various sectors of the economy has promoted production and enlivened urban and rural markets.

Foreign economic relations and trade have developed quickly. During the "Sixth 5-Year" Plan period our province implemented the policy of opening to the outside world, broke with the past passive "closed-door" situation, and gradually changed its closed economy into an open one. Foreign trade and economic and technological exchanges with foreign countries enabled the total volume of imports and exports to rise from \$1.87 billion in 1980 to \$2.5 billion in 1984. The volume is expected to exceed \$2.5 billion this year. Since 1984 when the central authorities designated Qingdao and Yantai Cities as open cities, our province has facilitated its foreign economic relations. It signed contracts with foreign firms on 101 projects involving \$200 million in 1984 and the total amount of foreign capital to be utilized was 1.7 times that of the total of the previous 5 years.

The people's living standards have improved and the gap between urban and rural areas has notably narrowed. In the past 5 years the living standards of the people of the province improved by a fairly large margin, and the pattern of consumption changed notably. Thanks to successive good harvests in agriculture since the 3d Plenary Session of the 11th CPC Central Committee, the per-capita net income of the people increased from 104 yuan in 1978 to 410 yuan, the figure we are expecting to achieve this year, showing an increase of 290 percent. The income of urban residents also increased substantially. The average wage of staff members and workers rose from 745 yuan in 1980 to 966 yuan in 1984, a net increase of 241 yuan. Because of the wage reform this year, the average wage of staff members and workers may reach 1,100 yuan, 49 percent more than in 1980. The per capita income for living expenses of urban workers' families may reach 760 yuan, 83.2 percent more than in 1980, and averaging an annual increase of 12.9 percent. Considering the factors of commodity price increase, the actual average annual increase was 9.9 percent. Due to a sharp increase in peasants' income over the past few years, the difference between the living standards of urban and rural areas [as published] narrowed from 3.63 to 1 in 1978 to 2.11 to 1 in 1985.

Gratifying achievements were scored in economic construction during the "Sixth 5-Year" Plan period, which marks one of the best periods since the founding of the country. However, the relations between the various sectors of the economy have not completely been brought into balance. For example, the growth of the investment in fixed assets and that of consumption funds were too large; the circulation of currency grew too sharply; social and economic returns were not ideal enough; and the levels of production, technology, operation, and management were not high. These are the problems pending further solutions. During the "Seventh 5-Year" Plan period we should implement the guidelines of the National Conference of Party Delegates still better, accelerate economic reform, give full play to the advantages of Shandong, and open up new avenues for economic construction. In this way, new development will emerge in the various economic and social undertakings.

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PROVINCIAL AFFAIRS

SHANDONG EXPANDS COMMUNICATIONS DURING SIXTH 5-YEAR PLAN PERIOD

SK020736 Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Nov 85

[Text] Our province attained the local communications target set by the Sixth 5-Year Plan 1 year ahead of schedule. The province as a whole has increased highway transport mileage by more than 900 km, newly built 11 berths in coastal ports and added 84,000 vehicles for civilian use. The passenger and freight transport volume has shown an annual average increase of 10.9 percent.

Since the 3d Plenary Session of the 11th CPC Central Committee, our provincial communications department has eased policy restriction in order to meet the needs of opening to the outside world and invigorating the economy. A situation in which the state, the collective, and the individuals as well as all means of transportation have played a part in the communications undertakings have emerged. The number of motor vehicles increased from 317,000 in 1980 to 465,000 by the end of 1984. At present the province has more than 82,000 specialized households engaged in the motor vehicle transport business, and 8,294 highway passenger transport stations, an increase of 30 percent over 1980. The local sea transport business has also developed fairly well with a total tonnage of some 38,900 tons. In addition, our province has opened foreign trade transport routes to Hong Kong, Japan, and Southeast Asia as well as to other countries and regions, creating more than \$20 million in foreign exchange for the state in 5 years.

During the Sixth 5-Year Plan period, our province's capital construction in the communications sphere entered the advanced ranks of the various provinces, cities and autonomous regions throughout China. It has newly built 3,064 km of highways and 597 bridges. At present about 90 percent of townships and towns, and 65 percent of villages in the province are accessible to cars. About 71 percent of the roads are generally in a good condition, thus forming a transportation network between the urban and rural areas which focuses on the capital city of Jinan and forms a framework of roads and main and branch communications lines, thus linking up all parts of the province.

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PROVINCIAL AFFAIRS

TIANJIN ECONOMIC ACHIEVEMENTS DURING SIXTH 5-YEAR PLAN PERIOD

SK040422 Tianjin City Service in Mandarin 0030 GMT 4 Nov 85

[Excerpts] During the sixth 5-year plan period, Tianjin Municipality has opened all sectors to the outside world, strengthened lateral economic ties with other localities, and accelerated the pace in opening the municipality to other localities. During this period, Tianjin has actively carried out lateral economic and technical cooperation as well as personnel and information exchange with the fraternal provinces and cities, and has initially created a situation in this regard.

In terms of scientific and technical cooperation, by the end of 1984, this municipality jointly discussed and decided on 2,524 cooperative items with various provinces, cities, autonomous regions, central units, colleges, universities, and scientific research departments. With regard to exchange of and cooperation between competent personnel, Tianjin has exchanged some 1,700 graduates with 18 provinces and cities and mutually trained some 3,300 students on behalf of counterparts. In economic cooperation, it decided, through consultation, on 72 cooperative items with energy-rich localities and shifted the production of some energy-consuming products to localities rich in energy resources. In addition, it has cooperated with various localities to develop raw materials and to process farm and sideline products as well as products for export.

Tianjin Municipality has made fairly rapid progress in utilizing foreign capital and importing technology. From the beginning of 1979 to August 1985, we signed a total of 125 contracts on establishing joint enterprises, with total investment reaching \$400 million. We directly used some \$200 million in foreign capital. About 36 joint enterprises have already begun business service.

In terms of imports of technology, since early 1983, Tianjin has implemented the State Council's decision on allowing this municipality to expand its powers in importing foreign advanced technology and in transforming outdated enterprises on a trial basis. In the first half of this year, our municipality expanded its powers to use foreign exchange and to sign 540 contracts with other countries. The transaction volume reached some \$500 million.

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PROVINCIAL AFFAIRS

LIVING STANDARD RISES IN 6TH 5-YEAR PLAN

OW031355 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 31 Oct 85

[Text] During the sixth 5-year plan, the people's standard of living in Jiangxi Province has generally improved to a new high level. In 1984, the average level of consumption of residents in the province was 311 yuan, exceeding the target set by the sixth 5-year plan for 1985 by 9.9 percent. The amount was 100 yuan more than in 1980. The average annual increase was 10.2 percent, faster than the 6 percent per annum set by the sixth 5-year plan.

In recent years, in order to improve the situation of relatively low standard of living for many years, the party and the government have continued to adjust the proportion of accumulation and consumption and at the same time accelerated the development of agricultural and light industry which are the main producers of consumer goods. The proportion of agriculture and light industry in the total value of industrial and agricultural output rose from 67.8 percent in 1980 to 71.3 percent in 1984. This important proportional adjustment has better satisfied the consumption needs of the people. This has also favorably promoted the economic development.

During the first 4 years of the sixth 5-year plan, the total area of houses built in urban and industrial and mining areas reached 8,744,000 square meters. The average housing area per person in urban and rural areas has increased. Cultural, news, radio, and TV broadcasts and other work have been developing vigorously. The improvements have made new contributions to enriching the people's spiritual life.

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PROVINCIAL AFFAIRS

CHANGCHUN SEES IMPROVEMENT IN URBAN WORKERS' LIVING STANDARDS

SK220727 Changchun Jilin Provincial Service in Mandarin 2200 GMT 21 Oct 85

[Text] During the Sixth 5-Year Plan period, encouraging changes have taken place in the living standards of the staff and worker families in Changchun City. Last year, the average per capita income for living expenses of the staff and worker families in Changchun City was 595 yuan, an increase of 1.75 times and 1.05 times over 1957 and 1965, or an increase of 27.09 percent over 1981. This year the average per capita income for living expenses is expected to increase as well.

During the Sixth 5-Year Plan period, the changes in the consumption structure of the staff and worker families mainly manifested in the following aspects:

1. In food consumption, it changed from mostly staple foods to nonstaple foods.
2. In clothing, it changed from clothes of unitary pattern and color to diversified as well as middle- and high-grade clothes.
3. Household electric appliances rapidly have become available to ordinary families.
4. The spiritual lives of the people became richer and more substantial.

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PROVINCIAL AFFAIRS

DALIAN MAYOR INVITES ECONOMIC COOPERATION, INVESTMENT

Beijing RENMIN RIBAO in Chinese 23 Oct 85 p 5

[Article by Wei Fuhai [7614 1381 3189], mayor of Dalian: "Mayor Invites Increased Contact with Dalian from All Quarters"]

[Text] Dalian enjoys a favorable geographic location at the southern end of Liaodong Peninsula, with developed sea, land and air communications. Dalian harbor is China's second largest port; the harbor is wide with deep water free from freeze and silt. There are 7 operations areas and 48 berths, 23 of which are 10,000-ton berths. This harbor, which is used by more than 70 countries and regions and trades with more than 140 countries and regions, ranks first in exports among China's ports, with over \$5 billion in trades. In recent years, due to the development of foreign trade and the increase of imports and exports, berth and dock space became insufficient. Therefore, besides transforming the old harbor area, improving the ship passage, capability, and opening up new navigation lines, new docks for sundry goods, grain, and coal on Heshang Island must be built, a new harbor area in Dayao Bay should be opened up and the fish harbor in Yangtuo Depression of Lushun should be transformed into a commercial port. In order to accomplish these tasks, besides receiving state investments, it is necessary to collect funds by introducing foreign investments and domestic contacts to exploit and construct the harbor together.

Dalian is one of China's major fish-breeding areas. It has a coastline of 1,874 miles with a great number of bays and islands scattered around. The fishing ground is vast; there are almost 100 kinds of aquatic products such as yellow croaker, ba fish, sword-fish, prawn, crabs, sea cucumbers, abalones, red shellfish, kelp, and dozens of shellfish and other delicacies. Production in 1984 reached 444,000 tons, about one-tenth of the gross output of aquatic products in the whole country. Dalian currently has 10 fishing ports free from freeze the whole year, facing the fishing grounds of Bohai, Huanghai and Donghai, which is favorable for the growth of fishing enterprise. Dalian is willing to make the best use of its natural endowment to organize fishing fleets jointly with the hinterland in order to exploit the outer sea resources and develop deep sea fishery.

Dalian has been listed by the state as an aquatic breeding base; along the sea there are 940,000 mu of beaches, of which only 27.7 percent has been opened up; thus there remains great potential for development. In Dalian, the average yearly temperature is 8.8°C, with 2,689 hours of sunshine. The richness of the plankton and chlorophyll content in the offshore water facilitates the breeding of prawns, sea cucumbers, abalones, shellfish and seaweed, it is also good for breeding fish in netting.

Dalian is also one of our famous summer resorts and tourist spots. It is situated both by the sea and mountains and enjoys four distinct seasons; the blue sky, the green sea, the white sand and black rocks make for especially beautiful seaside scenery. In the southern part of the urban district are found seaside parks such as Drumstick Island, Tiger Beach, Swallow Nest Hills, Moon Hills, Fu's Village, Star Sea, etc., the bathing beach, the Seaside Guest House and the Seaside Sanatorium. In Lushun, there are scenic spots such as Friendship Pagoda, Victory Pagoda, White Jade Mountain, East Cockscomb Mountain and North Fortress. Even more peculiar and fascinating are Mang's Beach in Jin County and Ice Valley Ravine and Fairy's Cave in Zhuanghe. Dalian has rich tourism resources: its railways connect the Northeast, Beijing and other provinces and municipalities; its sea routes reach Shanghai, Guangzhou, Qingdao, Yantai, Xiamen and other cities. Thus it is suitable for opening up many itineraries and developing tourism.

Dalian City is willing to utilize these endowments to cooperate with all quarters at home and abroad and carry out specialized coordination and development in the following aspects: developing and utilizing the harbor to expand import and export trade and coordinated river and sea transport; forming joint fishing fleets to exploit the outer sea and develop deep sea fishery; expanding both marine and freshwater aquaculture; and developing tourism. Any unit that comes to this city to pursue economic technological cooperation is free from the restrictions of region, department, profession and ownership, and can carry out multi-class, multi-level and multi-form cooperation based up on its own resources, funds, installations, techniques and other conditions.

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PROVINCIAL AFFAIRS

JILIN SUMS UP RESULTS OF TAX REVENUE INSPECTION

SK080509 Changchun Jilin Provincial Service in Mandarin 2200 GMT 7 Nov 85

[Excerpts] On the afternoon of 7 November, the provincial People's Government held a telephone conference to sum up the work done in the past period in conducting the general inspection over tax revenues and financial affairs, to exchange the experience gained in the general inspection, and to make work arrangements for the next period.

At the conference, Gao Dezhan, governor of the province, delivered a speech in which he stated: Our province has won initial success in conducting the general inspection of tax revenues and financial affairs. As of now, the province has exposed tax evasions worth 61.87 million yuan, of which 40.73 million yuan were recovered. The 11,337 enterprises, establishments, and units throughout the province have begun self-examination over their financial affairs, and have exposed 29.26 million yuan of illegal funds. In coping with the problems uncovered in the general inspection, Gao Dezhan, provincial governor, urged the leading personnel at all levels to resolutely enhance their understanding of the problems, by no means regard the general inspection as merely recovering some money, and conduct education on abiding by the law and discipline and further understanding the situation and the policies while conducting the general inspection in order to further straighten out party style and to achieve a fundamental turn for the better in social morale.

In his speech, Governor Gao Dezhan pointed out that a good job should be done in the following aspects while conducting re-examination and the acceptance test of the general inspection in the next period.

1. A good job should be done in checking the various figures at the end of this year, such as stock of goods, and incomes and expenditures.
2. At the end of the year, efforts should be made to prevent the practices of suddenly spending money and distributing [word indistinct] and materials arbitrarily. Meanwhile, it is necessary to strictly curtail the expenditures on administration and business affairs.
3. Efforts should be made to strengthen management over financial affairs and to do a good job in using the funds for providing disaster relief.

4. Efforts should be made to strictly curtail the fund increases in the construction of extra-plan projects and in consumption. [passage omitted]

5. Attention should be paid to the problems of raising prices and apportioning expenses arbitrarily and of imposing fines and purchasing materials arbitrarily.

In concluding his speech, Governor Gao Dezhan stressed: In conducting the general inspection of tax revenues and financial affairs, we should study and deal with the problems one by one and enterprise by enterprise and should guarantee that each problem discovered in the inspection should be dealt with immediately and each enterprise should be examined and appraised in the general inspection in order to solve every case and every problem and to refrain from leaving the work undone and taking the case as a warning to others. The localities and departments throughout the province should further make efforts to successfully fulfill the task of conducting the general inspection over tax revenues and financial affairs

At the telephone conference, Changchun and Jilin Cities delivered reports on introducing their experience and measures adopted in conducting the general inspection.

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CSO: 4006/278

PROVINCIAL AFFAIRS

JILIN TELEPHONE CONFERENCE ON INCREASING SAVINGS

SK020724 Changchun Jilin Provincial Service in Mandarin 1030 GMT 1 Nov 85

[Excerpts] This afternoon the provincial government held a telephone conference on vigorously strengthening management of credit funds and actively absorbing more savings deposits. The conference called on all people throughout the province to vigorously deposit their savings in banks and collect more funds to ensure the needs of combating disasters, sending relief, restoring production, and developing production.

Governor Gao Dezhan spoke at the conference. He said: This year our province has suffered from serious natural disasters, and difficulties in the shortage of funds have become very prominent. Despite great improvements in the province's financial and economic situation the past 2 years, our foundation is still very weak. We can appropriate just a very limited amount of funds for other needs. Therefore, strengthening the collection and management of credit funds has become one of the important tasks of governments at all levels. Comrade Gao Dezhan called on all localities and departments throughout the province to go into action immediately and to do the following spheres of work well:

1. We should vigorously absorb more savings deposits. The governments at all levels should strengthen leadership over savings deposits, extensively publicize the great significance of savings deposits, and call on the broad masses of people to deposit their surplus money in banks in order to support antidisaster and relief work and four modernizations construction.
2. We should vigorously absorb savings deposits from enterprises. No enterprise is permitted to use working funds to engage in capital construction and to invent all sorts of names to arbitrarily issue bonuses, articles and subsidies. They should enter all their savings into their account books. The banks at all levels should strictly examine and supervise this work.
3. We should strengthen the management of funds and tap the potentials of funds. At present banks should guarantee funds needed for purchasing grain as well as farm and sideline products, for combating disasters and sending relief, and for the disaster-stricken people to tide over difficulties by engaging in production through self-reliance.

4. We should strive to collect agricultural loans which have come due.

5. Governments at all levels should strengthen leadership over banking work and support the work of the banks.

Comrade Gao Dezhan stressed: The people throughout the province should exert joint efforts to overcome difficulties and to make positive contributions to developing the province's excellent situation.

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PROVINCIAL AFFAIRS

BRIEFS

COMMODITY PRICE POLICY VIOLATIONS--On the morning of 4 November, Vice Governor Guo Zhenqian emphatically pointed out at the provincial report meeting on the inspection of commodity prices that governments at all levels must further strengthen leadership over commodity price work, thoroughly investigate those big, serious cases which repeatedly occur after they are repeatedly investigated and which produce evil effects, and severely deal with the responsible persons of a small number of departments and units whose attitude is very bad. He pointed out: In the previous stage of the large-scale inspection of commodity prices, although we scored certain achievements, we must clearly see that factors for unsteady commodity prices are numerous. Leaders in all places must attach great importance to it. Every prefecture, city, autonomous prefecture, and county must assign a leader to specially take charge of the masses' food problem. He demanded: All places must strengthen control over the prices of vegetables and nonstaple food, do well in directly regulating the supply of pork, fresh eggs, and vegetables, and maintain basically steady prices of industrial products for daily use which have a bearing on people's livelihood and steady charges for services. They must lay stress on making arrangements for the supply of those nonproftmaking industrial products which the masses need during the winter festival and the new year so as to guarantee supply. [Text] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 6 Nov 85 HK]

QINGHAI LEADERS ON ECONOMIC PROSPECTS--According to QINGHAI RIBAO, after listening to reports made by responsible comrades of the Northwest Plateau Biological Research Center and the Qinghai Salt Lake Research Center, Provincial CPC Committee Secretary Yin Kesheng and Deputy Secretaries Song Ruixiang and Liu Feng said on 5 November that following 30 years of hard work, Qinghai is about to enter a new stage of development in salt lake chemistry and biological research. The main hallmarks of this are: 1) As a result of 36 years of arduous effort, there has been great development in Qinghai's economy. 2) As a result of 30 years of hard work, numerous fruits of scientific research have been produced. 3) We have forged a science and technology force with ideals, morality, and discipline. The leading comrades of the provincial CPC Committee said: Qinghai's economic development will speed up beginning with the Seventh 5-Year Plan. All those who are determined to open up Qinghai and who are keen on salt lake and plateau biological research will have great prospects in this vast place. [Text] [Xining Qinghai Provincial Service in Mandarin 2330 GMT 11 Nov 85 HK]

ANHUI CONSUMERS BODY--With the approval of the provincial people's government, the Anhui Provincial Consumers Association was inaugurated in Hefei on 24 October. Some 500 people attended the inaugural meeting. They included representatives of consumers in various localities, mass organizations, government departments and the media. Huang Huang, secretary of the Anhui Provincial CPC Committee, attended the meeting to extend his greetings and spoke, as did Su Yu, vice chairman of the Provincial People's Congress Standing Committee. [passage omitted] The meeting unanimously adopted the "Constitution of the Anhui Provincial Consumers Association," elected Su Yu honorary chairman of the association and Xie Zaifeng chairman and adopted the namelist of vice chairmen, secretary general, executive council members, and council members. [Excerpts] [Hefei Anhui RIBAO in Chinese 25 Oct 85 p 1 OW]

STATE-RUN ENTERPRISES INVIGORATE ECONOMY--During the Sixth 5-Year Plan period, the province's state-run commercial enterprises seriously implemented the principle of invigorating the internal economy and opening up to the outside. They reformed the circulation system, and expanded the circulation scope of commodities. According to statistics, during the period, total purchases of the province's state-run commercial enterprises from other parts of China amounted to 13.58 billion yuan. Total sales of the enterprises came to 30.52 billion yuan. The growth rates were respectively 32 and 38.5 percent compared with the Fifth 5-Year Plan. On average, the annual growth rate was above 6 percent. The sales volume of ordinary articles for daily consumption steadily increased, while those of high-class and durable consumer goods increased by over 100 percent. During the period, the total investment by the province's state-run commercial enterprises in capital construction increased by 44.5 percent compared with the Fifth 5-Year Plan. Cold storage capacity was increased by some 46,800 tons, and warehouse area was increased by 174,900 square meters. The area of sales outlets was increased by 437,000 square meters. [passage omitted] [Excerpt] [Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 11 Nov 85 HK]

LIAONING HOLDS MEETING--This morning the provincial government held a meeting to hear a briefing by Vice Governor Zhu Jiazhen on the implementation of the Sixth 5-Year Plan and his preliminary views on arrangements for the Seventh 5-Year Plan. Present at the meeting to hear the briefing were the principal responsible comrades of various provincial-level departments and bureaus. Governor Quan Shuren spoke at the meeting. He called on the various departments to scientifically and conscientiously analyze our province's reform situation, the rational economic readjustment, major ratio relations, the national economic development rate and level, and economic results during the Sixth 5-Year Plan period, and to discover the main contradictions of all trades and professions on the wake of deeply conducting investigations and research in order to provide a basis for the formulation of the Seventh 5-Year Plan. Quan Shuren also touched on the province's general strategic tentative plan for the formulation of the Seventh 5-Year Plan. He pointed out: From now on to the end of the year, the focus of the work of the government should be on summing up the work of the Sixth 5-Year Plan period and attending to the [words indistinct] of the Seventh 5-Year Plan. [Text] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 11 Nov 85 SK]

BUILDING OF KEY PROJECTS--During the implementation period of the Sixth 5-Year Plan, our province has made smooth progress in building the large and medium-sized projects. The 18 large and medium-sized projects are chiefly mines and plants for energy resources and transportation, and the 53 single-item projects have been completely built and already put into production. During the period, our province has concentrated its efforts on ensuring the construction of key projects. The construction rate of the key projects has surpassed that of the general ones by 1.9 percent. The well-built projects have produced a large volume. Of these projects, more than 20 large and middle-sized collieries in the cities of Hegang and Shuangyashan and in the Jixi mining area, which have been completely rebuilt or expanded, have shown a yearly average increase of 6.21 million tons of raw coal. The province has invested 1.93 billion yuan in prospecting or exploitation projects at the Daqing Oilfield and the Daqing 300,000-ton ethylene project. These projects are capable of turning out 9.04 million tons of new oil. The Mudanjiang Power Plant, the Hulaerji No 2 Power Plant, and the Heilongjiang electric transmission and transformation projects have also been completely built and put into production, producing a new installed capacity of 1.233 million kilowatt. The province has set up 1,074 kilometers of electric transmission lines. During the period, the forestry areas of Daxinganling and Xiaoxinganling produced 1.14 million cubic meters of new timber. [Text] [Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 9 Nov 85 SK]

GUIZHOU IMPROVES LIVING STANDARD--According to a survey by the provincial rural sampling survey team, during the Sixth 5-Year Plan, the province greatly improved the living standard of peasants. In the first 4 years of the period, the annual growth rate of the peasants' consumption was 10.56 percent. Despite serious natural disasters this year, it is expected that the peasants' per capita annual income will be over 290 yuan and that living expenses will be about 230 yuan, maintaining the average growth rate of the past 4 years. Per capita expenses for food were 144 yuan in 1984, or 47.5 yuan more than 1980. The expenditure for clothing was 29.5 percent over that of 1983. However, some 25.5 percent of peasants still have per capita income of below 200 yuan. [Summary] [Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 6 Nov 85 HK]

YUNNAN MINORITY NATIONALITY ECONOMY--According to a survey on the income and expenses of 235 peasant households in 15 counties in the minority-nationality areas which was conducted by the provincial Statistics Bureau, in the Sixth 5-Year Plan period, production in the minority-nationality areas in Yunnan Province has quickly developed, peasants' income has increased, and the masses' living standard has improved. The per capita net income in the minority nationality areas in 1984 was 263.29 yuan, or 118.05 yuan more than in 1980, an increase of 81.3 percent. The living and consumption level in 1984 was some 216 yuan or 95 yuan more than in 1980. [Text] [Kunming Yunnan Provincial Service in Mandarin 2300 GMT 5 Nov 85 HK]

HUNAN DEVELOPS ECONOMIC COMBINES--According to a survey by the provincial CPC Committee Rural Work Department, this year's economic combines in the province total 63,442. They employ 492,200 workers, or 2.3 percent of the total of rural laborers. The development is marked by changes from internal cooperation to transregional cooperation; from a mainly peasant composition to a composition of peasants and workers in state-run and collective enterprises; from the

farming industry to the operation of mines, factories, and other service industries; from simple processing to the integration of agriculture, industry, and commerce; from small-scale specialization to large-scale specialization; from a closed-door operation to an open operation; and from relaxed management to a tight and perfect system. [Summary] [Changsha Hunan Provincial Service in Mandarin 1100 GMT 7 Nov 85 HK]

HONG KONG BUSINESSMAN MET--Wang Fang, secretary of the provincial party committee, had a cordial meeting at the Xihu guesthouse with Wang Kuancheng, chairman of the board of the Xingfu Group and president of the Yonggang Association in Hong Kong, on the evening of 26 October. Comrade Wang Fang thanked Mr Wang Kuancheng for his contribution to the modernization of his hometown. The latter pledged to continue to work for Zhejiang's economic development. Present on the occasion were Chairman Wang Jiayang and Vice Chairmen Tang Bingwen, Zhu Zhiguang, and Zhan Shaowen of the CPPCC Provincial Committee. After the meeting, Comrade Wang Fang gave a dinner for Mr Wang Kuancheng. [Text] [Hangzhou ZHEJIANG RIBAO in Chinese 27 Oct 85 p 1]

SICHUAN'S GROSS OUTPUT VALUE--According to (XINXI BAO) [INFORMATION JOURNAL], from January to September, the province's gross industrial output value totaled 33.34 billion yuan, or 79 percent of this year's assigned target, an increase of 20.3 percent compared to the same period last year. Of this figure, the growth rate of industry owned by the whole people was 15.1 percent; that of industry owned by the collectives was 40.3 percent; that of light industry was 19.4 percent; and that of heavy industry was 21 percent. [Text] [Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 29 Oct 85]

TOWNSHIP ENTERPRISES ISSUE--This morning, the provincial CPC committee and government convened an on-the-spot meeting in the provincial township and town enterprise administrative bureau to look into questions of developing these enterprises. Provincial CPC Committee Secretary Li Ziqi, Governor Chen Guangyi, and Vice Governor [?] Ming made speeches. Gansu's township and town enterprises have shown healthy development this year. By the end of September, there were over 80,000, compared with 10,000 at the end of last year. Their total output value up to the end of September was 1.1 billion yuan, representing 90 percent of the year's plan. Comrade Li Ziqi said at the meeting: Although the province's township and town enterprises have scored achievements this year, these should be regarded as a new starting point. They should overfulfill their plan this year and strive for a further increase of 500 million yuan in output value next year. They must promote product quality, turn out brand products, and open up new markets. [Excerpt] [Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 1 Nov 85]

ENERGY, COMMUNICATIONS INDUSTRIAL DEVELOPMENT--During the period covered by the Sixth 5-Year Plan, the province's energy and communications construction has developed greatly. According to initial statistics, during this period, a total of 4.1 billion yuan has been invested in the capital construction of the energy industry, accounting for 59 percent of the total investment in industrial departments, and an 18-percent increase over that during the Fifth 5-Year Plan period; and a total of 3.6 billion yuan has been invested in

communications and transportation departments, a 1.6-fold increase over that of the Fifth 5-Year Plan period. The added production capacity during the Sixth 5-Year Plan period consisted of facilities for producing 9 million tons of coal, 9.25 million tons of crude oil, and power-generating capacity of 1.58 million kw. During the period, 578 km of new railway lines have been put into service, and the port cargo handling capacity has been enlarged by 19 million tons. The development of the energy and communications undertakings has helped stabilize and coordinately develop industrial and agricultural production. [Text] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 28 Oct 85]

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ECONOMIC PLANNING

HUNGARY'S ECONOMIC REFORMS REVIEWED

Beijing XUEXI YU YANJIU [STUDY AND RESEARCH] in Chinese No 9, 5 Sep 85 pp 40-42

[Article by Zhou Xincheng [0719 2450 1004]: "Hungary's Macroeconomic Control After Economic Reform"]

[Abstract] In 1968, Hungary launched an overall, creative reform in its economic system of state centralization. The reform releases initiative and positive attitudes to enterprises with market mechanisms placed appropriately. Thus, an enterprise has expanded autonomy for routine business decisions and a measure of expanded reproduction. How to control the macroeconomy for appropriate an combination of the centralized economic planning and market mechanisms is a key problem in Hungary's economic reform. The key to maintaining equilibrium in the macroeconomy involves properly apportioning the national income into accumulation funds and consumption funds. The sum of these two funds should not exceed the national income; otherwise, inflation will be triggered. In addition, equilibrium should be maintained between accumulation funds and materials required for capital construction, as well as between consumption funds and supplies of consumer goods and services. In Hungary's view, the state should use effective means to maintain individual income level and demand for goods and services within the adaptable range of its economic policy. Thus, increases in national and individual incomes can be synchronized. In addition, the total demand of investment capital should be effectively adjusted, and an equilibrium established between total demand and supply (the sum of production capability and import feasibility) of this capital. Thus, macroeconomic equilibrium can be maintained. Furthermore, the investment scale of capital construction and growth of consumption funds should be controlled. As revealed by nearly two decades of practice since the advent of Hungary's economic reform, there has not been any major maladjustment of proportion; basically, the national economy has been proceeding toward plan targets. This proves the feasibility of maintaining macroeconomic equilibrium by controlling the investment scale and growth of consumption funds by economic means.

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AGGREGATE ECONOMIC DATA

TECHNOLOGICAL PROGRESS, REFORM PROMOTE PRODUCTION

Yinchuan NINGXIA RIBAO in Chinese 29 Sep 85 p 1

[Article: "Ningxia's Industrial Production Maintains Steady Growth and Good Conditions"]

[Text] Since this year, an encouraging change has occurred in Ningxia's industrial production; there is an overall increase in productive speed, economic results and regional finance and tax revenues. This indicates that the industrial production of our region is marching toward a benign cycle.

Industrial production has maintained steady growth and coordinated development. Energy production and transport and communication have developed steadily; in the first 8 months of this year there were a 14.9-percent increase in the output of raw coal, a 2.97-percent increase in power production and an 8.4-percent increase in the freight transport volume by rail compared with levels for the previous year. These increases have created important factors promoting economic growth in Ningxia. Both light and heavy industry are developing in tandem; woolen products have turned from unmarketable goods to goods in great demand; there have also been relatively large increases in the output of sugar, tobacco, wine and other food products.

The growth of economic results continues to be greater than increases in production. From January to August, in the profit taxes realized from industrial enterprises increased 38.6 percent compared with the same period last year. The growth of economic results has brought about large increases in Ningxia's finance and tax revenues, which have increased 35.7 percent compared with last year's levels; net revenues increased by more than 53 million yuan.

This year, under the situation in which the prices of some raw materials and short-distance rail transport were raised, many enterprises are pursuing reform, exploiting potential, and striving to improve product quality and to reduce expenditures; thus they have achieved outstanding results. Focusing on administrative objectives, the Northwest Bearings Plant has implemented the comprehensive multi-level economic contract responsibility system; profits in the first 8 months of this year

increased 86.13 percent compared with last year. Facing rising prices for raw materials, the Northwest Coal Machinery Plant No 3 which manufactures electric mining machinery persists in maintaining unchanged prices of its products, strengthening overall quality control, improving product and lowering costs. Thus, the sales volume of its product has expanded. The product quality in the whole region is steady, while the rate of improvement and the rate of high quality production are rising. At present, there are 179 items of efficient high-quality products at or above the regional level of which 7 items are at the national high quality product level while 26 are at the ministerial high quality product level.

Actively promote technological progress and technological transformation is the key to promoting productive growth. This year one-third of the output value of Ningxia's new industries has been achieved through technological transformation. After 3 years of technological transformation, the output of the Yinchuan Sugar Refinery has been raised three grades; on the basis of disposing daily 500 tons of sugar beets, output has increased successively to 700, 1,000 and 1,500 tons, while output value has tripled. A number of items using imported technology have also begun to realize good results. The complete-set processing installations produced by the Dahe Machine Tool Plant with imported computerized equipment not only meets domestic demand but also is going to be sold in Eastern European countries. Wuzhong Plastic Knitting Bag Factory has imported plastic threads for manufacturing knitted bags; since going into operation in June, the supply of products cannot meet the demand; the product is sold in 17 provinces and regions and is just beginning to appear on the international market. The development of new products and new technology has also made new progress. This year, Ningxia has developed 84 new products and 33 new techniques, economic results are increasing and new realms of production are opening up.

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AGGREGATE ECONOMIC DATA

BRIEFS

UPDATE ON TERTIARY INDUSTRIES--Estimated results given recently by the State Statistical Bureau: In 1984, overall output of tertiary industries was 150,200,000,000 yuan, an increase of 14.6 percent over 1983. A major characteristic of this rapid growth is the simultaneous development of diversified economy among the state, collective, and private sectors. Of the 8.13 million workers newly employed in tertiary industries in 1984, 6.71 million represent urban or rural individual enterprises. [Text] [Hefei ANHUI RIBAO in Chinese 3 Sep 85 p 1] 12705/12223

BEIJING EXCEEDS TARGETS FOR ECONOMIC SECTORS--In 1985, the total product of society of Beijing Municipality is expected to be valued at 45.5 billion yuan, exceeding the planned target by 33 percent. It is estimated that the average annual growth between 1981 and 1984 is 10.5 percent. In 1985, the total industrial and agricultural output value is estimated at 35.5 billion yuan, showing an increase of 25 percent above plan. The average annual increase between 1981 and 1985 is estimated at 9 percent. The national income of this municipality in 1985 is estimated at 18.1 billion yuan, exceeding the plan by 33.3 percent. The average annual increase between 1981 and 1985 is estimated at 10.3 percent. The average per-capita income of Beijing Municipality in 1985 is expected to increase by 33.6 percent over the planned target, and the average annual increase between 1981 and 1985 is estimated at 8.5 percent. Financial revenue (excluding Yanshan) in 1985 is estimated at 4.8 billion yuan, exceeding the plan by 6.2 percent. The average annual growth of financial revenue between 1981 and 1985 is estimated at 2.4 percent. The total retail sales of commodities in 1985 were estimated to be valued at 13 billion yuan, exceeding the plan by 51.2 percent. The average annual growth between 1981 and 1985 is estimated at 16.2 percent. [Text] [Beijing BEIJING RIBAO in Chinese 27 Oct 85 p 1 SK]

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ECONOMIC MANAGEMENT

DESPITE RETRENCHMENT, 1985 CHONGQING ECONOMIC RESULTS IMPROVED

Beijing RENMIN RIBAO in Chinese 8 Oct 85 p 1

[Article by staff reporter Huang Wenfu [7806 2429 4395]: "Persist in Reform, Strive for Vitality During Retrenchment and Success in Vitality; Chongqing Changes Pressure to Vitality, Improves Economic Results; Revenue for first 8 months of 1985 Increases 35.27 Percent, Labor Productivity for First Half of 1985 Improves 23 Percent Over Same Periods in 1984"]

[Text] Faced with new conditions since the state strengthened its macroscopic control of the national economy, the Chongqing Municipal CPC Committee has proposed the policy of "persisting in reform, and striving for vitality during retrenchment and success in vitality," implemented actively the retrenchment measures adopted by the Central Committee in such areas as the scope of consumption funds, credit funds, capital construction investment and foreign exchange, changed pressure to vitality, spurred production with reform and improved clearly economic results. Comparing January to August 1985 to the same period in 1984, Chongqing's gross industrial output value increased 22.15 percent and its revenue increased 35.27 percent, topping 1.13 billion yuan. Its overall labor productivity in state-owned enterprises for the first half of 1985 improved 23 percent over that of the same period in 1984.

Under the ideological guidance of "striving for vitality during retrenchment and success in vitality," Chongqing has changed the external pressure created by the strengthening of macroscopic control into an internal force to improve enterprise quality. Many enterprises have looked inward, improved management and administration, carried out major technological transformations, revised product structures, developed new products, developed horizontal economic alliances and relied on improving their internal conditions to adapt to the changed external environment. Pressured by rising prices for raw and processed materials and fund reductions, the Chongqing Furniture Co has actively strengthened its management and administration and its internal consumption price-rise factors. Not only did its furniture prices not rise, but they began to fall instead during the middle of April 1985, and those of all kinds of furniture have dropped an average of 7.1 percent.

In 1985, Chongqing has also stressed financial reform and set up financial organizations in certain areas. Since banks have tightened credit funds, it has actively collected idle social capital and strengthened horizontal fund

links in order to "strive for vitality during retrenchment." Since January 1985, the Chongqing Financial Co, which is located in the city's central district, has collected over 6.7 million yuan in repayable unused surplus budget funds from all units in the district and provided over 4 million yuan in loans to over 60 units. The Changjiang Lining Cloth Plant had been in a predicament since banks stopped providing equipment loans, but the Chongqing Financial Co promptly provided it with a loan to buy equipment. Through using new equipment bought to produce new products which are in short market supply, it has been able to net profits of hundreds of thousands of yuan in 1985. Chongqing has also adopted methods such as issuing stocks and bonds, which has raised over 100 million yuan in 1985 and alleviated the problem of insufficient funds in town and country enterprises.

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ECONOMIC MANAGEMENT

SHANDONG COMMENTARY ON PERSISTING IN REFORM

SK120454 Jinan Shandong Provincial Service in Mandarin 2300 GMT 10 Nov 85

[Station commentary: "We Should Persistently Place Reform Before Everything Else"]

[Text] Persistently placing reform before everything else is a basic guiding principle of the suggestions for formulating the Seventh 5-Year Plan made by the CPC Central Committee. Correctly understanding our province's situation of reform and consciously and persistently placing reform before everything else are matters of extremely important significance for ensuring a sustained and steady development of economy, continuous improvement of the people's livelihood, and the realization of the strategic goals and tasks put forward at the 12th Party Congress.

Our province has made marked achievements in the reform of the economic structure with a focus on urban areas since the 3d Plenum of the 11th CPC Central Committee and, in particular, after the 3d Plenum of the 12th CPC Central Committee. The entire economic situation is very good. However, some problems have emerged in the course of advance. We mainly word indistinct achieve the macro-economic control. Some units have made excessively large amounts of investments in fixed assets. Production speed of some industrial enterprises has been overly fast. Some units have registered an excessively sharp increase in consumption funds. Some comrades have a thinking of taking the road back because they think these problems have been created by reform. This kind of thinking is wrong. We must not link these problems with reform but should make specific analysis of them. Facts have proved: The phenomenon that the macroeconomy is out of control results from our failure to catch up with the reform of the macroeconomy after enlivening the microeconomy. The results have shown that the reform was not carried out in a bad manner but in an uncoordinated and inopportune way. We cannot even say that the phenomenon has been created by reform. We can only say that we should further persist in reform because we failed to conduct reform thoroughly. Some problems were caused by unhealthy practices. We should discriminate unhealthy practices from the situation that we lack experiences in conducting reform coordinatedly. Unhealthy practices are not the problems concerning reform but the ones obstructing the implementation of reform. We must also rely on reform to correct unhealthy practices. So we must stick to such a belief as imperatively taking the road of reform and persistently conducting reform in spite of disturbances. Party

members, cadres, and the masses must persistently make everything to accord with the great situation of reform, place the benefits of the state before everything else, bravely oppose and resist various unhealthy practices, and wage a struggle against all incorrect words and deeds violating and obstructing the implementation of reform, in order to ensure the healthy development of reform along the course charted by the CPC Central Committee.

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ECONOMIC MANAGEMENT

STATE COMMERCIAL UNITS MUST NOT ABANDON THEIR FUNCTIONS

Wuhan CHANGJIANG RIBAO in Chinese 24 Aug 85 p 1

[Commentary]

[Text] I was both pleased and distressed after having read contrasting reports from two state-operated vegetable markets. These reports indicate the need for state-operated commercial enterprises not to abandon their roles and functions.

Some comrades are of the opinion that it would be difficult for state-operated vegetable markets to operate after vegetable market operations have been opened to the people, that in order to invigorate the vegetable market, it would be necessary to exclude the collective enterprises and that, if the collective enterprises are permitted to engage in such operations, it would be necessary to close down state-operated vegetable markets. This point of view is a reflection of the lack of a correct understanding of the effectiveness of reforms. Since the opening of vegetable market operations to the people, there is no denying the fact that a larger supply of vegetables has been made available, that the vegetables are fresher and that they are of better quality. It is true, however, that some of the state-operated vegetable markets are at the present time in a state of recession. A major reason is that some of those in leadership positions in the vegetable markets have failed to play their role and to perform their functions. It should be understood that ours is a "planned commodity economy and not a market economy entirely dependent on adjustments." That being the case, the production and circulation of commodities must not be allowed to drift aimlessly. Instead, the leadership role of state-operated commercial enterprises as a major channel of distribution must be fully developed.

How should we develop state-operated enterprises as a major circulation channel? The way to enliven vegetable markets is not to monopolize market operations or to achieve an absolute superiority in the amount of operations. On the contrary, first we must establish the mass concept and, like the Guangbutun and Manchun vegetable markets, evince concern over the "vegetable basket" of the masses. It is only thus that we can use all possible means to make vegetables available to the

masses, to reverse the "bureaucratic businessmen" workstyle and to leave no stone unturned in providing service to the masses. That would be in stark contrast to the Beihu vegetable market where the hope of the workers is to change jobs and to be reassigned. Second, it is necessary to establish the competitive concept if the state commercial enterprises are to fulfill their function of making market adjustments and stabilizing commodity prices. Hemmed in by collective trading markets, the Guangbutun and Manchun vegetable markets are nevertheless not afraid to face competition and, by making readjustments in what sells well and what sells poorly, in the varieties of products and in products from distant localities, to sell their products at reasonable prices, to render high quality service to win over their customers and to take the lead in getting the collective trade markets to increase market supplies. In contrast to the Guangbutun and Manchun vegetable markets, the Beihu vegetable market, when confronted with competition, is all too ready to admit defeat and yet continues to set high prices for vegetables of poor quality and vegetables that are spoiled. By doing business in this fashion, it has not only antagonized its customers but has also given the unscrupulous merchants in the collective trade markets a free hand in doing what they please. Third, it is necessary for us to establish a market concept, to go a step further in promoting production and in providing guidance to consumers. Such vegetable markets as the Guangbuntun and Manchun have made a start in directing their attention to market forecasts, in studying the trend in market development, in supplying information to the production departments and in reporting new developments and problems to those in leadership positions to enable them to formulate operational policies to meet market needs in contrast to the Beihu vegetable market where the only concern is to collect rent and to maintain their livelihood.

The main reason for the inability of state-operated vegetable markets to play their leadership role is that some leadership comrades tend to sit on their hands. As the common saying goes, everything hinges on human effort. Unless an effort is made, all systems and conditions however favorable, are of no avail. For this reason, we must reverse the tendency of letting things drift if vegetable markets are to be invigorated.

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ECONOMIC MANAGEMENT

NEI MONGGOL ENTERPRISES WHICH INCUR LOSSES DECREASE

Beijing RENMIN RIBAO in Chinese 15 Oct 85 p 2

[Article by Dong Huanliang [5516 3562 0081]: "Responsibility To Reverse Losses Clarified, Effective Measures Adopted; Enterprises Which Incur Losses Decrease in Nei Monggol Autonomous Region"]

[Text] In order to improve economic results, the Nei Monggol Autonomous Region has established and perfected further the job responsibility system and taken many steps to urge enterprises which have incurred major losses to turn them into profits. Comparing January to August 1985 to the same period in 1984, the number of enterprises which incurred losses throughout the region decreased by 107 and the amount of losses decreased 54.8 percent, while realized profits and profits and taxes turned over to the state increased 39.1 percent and 35.8 percent, respectively.

The system of making leaders responsible for reversing losses has been established. In 1985, Nei Monggol has clarified the responsibility to reverse losses all the way from vice chairman who are responsible for regional government industries to each league chief, mayor, industrial department head and enterprise factory director. It has stipulated that regional financial departments should give rewards to those responsible people in large enterprises which have incurred major losses who fulfill their duty to reverse losses and deduct 10 percent of the wages of those who are unable to fulfill it. Since supervision has been prompt and measures forceful, losses in 34 large enterprises in the region which incurred major losses has decreased 79 percent by the end of August 1985 over the same period in 1984 and 17 enterprises have realized profits.

Enterprises which have incurred losses have been given the necessary autonomy. The factory director responsibility system has been ratified by the regional government for trial implementation in enterprises which have incurred major losses but done a good job of reorganizing their leading groups, and factory directors have been given autonomy in such areas as distribution, personnel and management and administration. The Hohhot Warp Knitting Plant is a large enterprise which has incurred losses of nearly a million yuan a year. Since the municipal government appointed former plant accountant Wang Fuyuan [3769 4395 0037] plant director in 1984, he has made bold use of cadres who are literate, understand technology and know how to manage, strengthened the

production management direction system, made each major shop responsible for its profits and losses, distributed profits according to results, and from January to August 1985, the plant has made 880,000 yuan in profits.

The contract system has been carried out for small state-run and owned enterprises and those owned collectively which have incurred long-term losses. For instance, the Baotou No 1 Paper Mill was ordered to stop production in 1984 since its losses were serious. At the beginning of 1985, with its state ownership unchanged, six comrades in the plant signed collective contract agreements, stipulating handsome rewards for contractors who made profits and severe penalties for those who incurred losses. Since the plant investigated market needs in advance and resumed production on 16 May, its products have sold well, with profits being realized the same month.

Vertical and horizontal alliances specializing in Juantou products have been developed and some enterprises which had incurred losses have been reinvigorated. The jointly managed company set up in the agricultural machinery system by the Xingan League to specialize in diesel engines and small four-wheeled tractors has spurred development of the agricultural machinery industry throughout the league. By the end of August 1985, 5 of 6 agricultural machinery enterprises which had incurred losses previously had turned them into profits and taxes turned over to the state by the agricultural machinery industry throughout the league has increased 17-fold over the same period in 1984.

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ECONOMIC MANAGEMENT

RURAL, SMALL TOWN ENTERPRISE CREDIT CONTROL STRESSED

Beijing NONGCUN JINRONG [RURAL FINANCE] in Chinese 1 Sep 85 No 17 p 16

[Article by Xu Yulong [6079 3678 7893] and Zhu Hongbo [2612 3163 3134]:
"Scope of Rural Small Town Enterprise Credit Must Continue To Be Controlled"]

[Text] In 1984, the number of rural and small town enterprises throughout China increased to 6.06 million and their gross output value reached 170.9 billion yuan, or a 40-percent increase over 1983. But during the same period, the amount of bank loans to rural and small town enterprises was 15.7 billion yuan, or a 96 percent increase over 1983. This paid increase in bank loans has undoubtedly had a powerful stimulating effect on the development of rural and small town enterprises. The development of rural and small town enterprises, on one hand, has accumulated a lot of funds for rural economic development and, on the other, has required a large investment of funds.

But the amount of rural economic development funds will always be limited during a given period, and in order to ensure overall rural economic development, state credit and financial departments will be unable to pay out more funds to satisfy rural and small town enterprise needs. Rural and small town enterprise fund needs should be solved mainly relying on their own accumulation.

In order to found rural and small town enterprises on a rational rate and appropriate scale of development, we should continue to do a good job of controlling them in the following four areas.

1. We should control the scale of rural and small town enterprise fixed-asset investment. Over the past few years, rural and small town enterprise development has relied mainly on extension for expanded reproduction. Many new projects, a large expansion of businesses and a great demand for funds has resulted in extremely critical conditions in such areas as funds, raw and processed materials, energy resources and communications. If things go on like this, difficulties will follow. In order to maintain a proper rate of development for rural and small town enterprises, we must control the scale of their fixed-asset investment. Based on various economic situations and conditions in various areas as well as the accumulation ability of

enterprises, we should determine the rate of development for rural and small town enterprises and absolutely not allow it to exceed that which is permitted by objective conditions or to double in 2 or 3 years.

2. We should control the growth of rural and small town enterprise consumption funds. The rural and small town enterprise profit distribution system being imperfect and irrational is now a rather outstanding problem. The growth of consumption funds in many enterprises has exceeded greatly the growth of profits and the phenomenon of having exhausted them has even become quite prominent. We think that the growth of rural and small town enterprise consumption funds must be linked to and to exceed that of profits. The total amount of enterprise consumption funds and per capita wage levels must be controlled and supervised through such economic levers as taxes and credit.

3. We should control the scope of rural and small town enterprise credit. In 1985, agricultural bank and credit union loans to rural and small town enterprises increased too much. In 1985, control has been stressed and initial results achieved in all areas. In order to maintain a proper development rate for rural and small town enterprises, we must continue to control their credit scope. From now on, new projects must show strict economic proofs and use as much advanced technology as possible in order to preserve their long range competitive advantages. Loans to them must uphold the principle of requiring them to have a specific proportion of their own funds. Those which do not conform to requirements should absolutely not be given loans and the economic responsibility of units which examine and approve loans and provide illegal loans causing economic losses should be investigated.

4. We should strengthen all control measures. The state's giving consideration of new rural and small town enterprises by exempting them from or reducing their taxes was necessary and feasible when town and country enterprises were developing. But at present, still giving them this consideration objectively encourages the opening of new factories and the spread of new businesses. We think that this consideration can still be given to economically backward areas in which rural and small town enterprises have just begun to develop. But in economically developed areas in which rural and small town enterprises have developed to a certain extent, we should abolish this consideration or only give it to special industries. We should charge different interest rates and increase differences between all grades for newly established and extension projects based on the size of loans and the length of deadlines in order to increase macroscopic control of the rural and small town enterprise development rate.

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ECONOMIC MANAGEMENT

GANSU SECRETARY ATTENDS SYMPOSIUM ON ENTERPRISE MANAGEMENT

HK110832 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 7 Nov 85

[Excerpts] The provincial symposium on the democratic management of enterprises concluded this afternoon. At this symposium, the participants exchanged experiences in strengthening the management of enterprises in a democratic way; correctly handling the relations between the party, government, and trade unions; and making the workers' congresses take part in formulating the enterprises' important policy decisions, in democratic elections, and in assessing cadres. They also discussed and studied the problems of how to further put the system of the workers' congresses on a sound basis and perfect the system and how to strengthen the management of enterprises in a democratic way.

Responsible comrades of the Organization Department and the Economic Work Department of the provincial CPC Committee, the provincial Economic Committee, and the provincial Federation of Trade Unions delivered speeches on the special topics in strengthening the management of enterprises in a democratic way.

During the symposium, leading comrades of the provincial CPC Committee and the provincial government, including Li Ziqi and Chen Guangyi, listened to the relevant reports and held a forum with all representatives to conduct a discussion. Leading comrades of the provincial CPC Committee and the provincial government pointed out: Socialist enterprises are to make products and to create wealth. However, they must not disregard the building of spiritual civilization at any time. They must grasp material civilization and spiritual civilization simultaneously. [passage omitted]

In his speech at the closing ceremony, Lu Kejian, deputy secretary of the provincial CPC Committee, pointed out: Strengthening the management of enterprises in a democratic way is an important content of directing reform of the structure by enterprises. Strengthening the vitality of enterprises is a main task of the current management of enterprises in a democratic way. He hopes that the enterprises which have done better in the aspect of management in a democratic way will sum up experiences and scale new heights. The enterprises which have done relatively poorly should work hard to catch up and diminish the discrepancy as soon as possible. With our concerted efforts, we must raise to a new level the work of the management of enterprises in a democratic way in our province.

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ECONOMIC MANAGEMENT

ENTERPRISES URGED TO PURCHASE DOMESTIC TECHNOLOGY

Beijing RENMIN RIBAO in Chinese 13 Sep 85 p 5

[Article by Chen Quanjun [7115 6898 1498]: "The Urgent Need for the Enterprises To Stimulate the Technology Market"]

[Text] Since the development of the technology market depends basically on the demand of buyers, the stimulation of urgent demand by the enterprises as buyers of technologies is a prerequisite for the establishment of a prosperous and stable technology market.

The speeding up of technological progress is an objective demand of the four modernizations projects. However, this objective demand may not automatically translate into the subjective demand of the enterprises engaged in the production and operation of commodities. Many of the enterprises would normally rather pay "gratuities" to the scientific and technical workers in their employ than to spend money on technological gains made by scientific and technical units and to invest in key projects of cooperation. At technical trade fairs held by the various provinces and cities in recent years, little interest was shown in the more technically advanced and major items. By far most technical gains were purchased by small state, collective, and township and town enterprises. According to statistics supplied by the concerned departments, only 10 to 20 percent of the 3,000 or 4,000 major technological gains in the nation has been widely adopted annually. This serves to indicate that our industrial departments and enterprises, especially the large and medium-sized key enterprises, are lacking either a sense of urgency about the adoption of new techniques or the necessary funds for technical development. In order to turn this situation around, to motivate the enterprises to adopt new techniques, to increase the capability of the enterprises to assimilate new techniques and to add to their economic power, at least three methods must be adopted by the management system of the enterprises:

First, the principle of enlarging the autonomous powers of the enterprises must be implemented. The large and medium-sized enterprises capable of making effective use of new technologies, creating significant economic benefits in society and playing a decisive role in the

development of the entire national economy should be the big buyers in the technologies market. A conspicuous problem that has cropped up is that most of our large and medium-sized enterprises are under the control of administrative and semiadministrative companies. Since these companies tend to follow the set of administrative methods of the past, most of the increased powers given to the enterprises by the state are extended only to the company level while the hands of the enterprises continue to be tied. For this reason, a cure must soon be found to remedy the "malady afflicting the companies." Companies are merely joint economic organizations established to develop the national economy and to meet the needs of the enterprises. They must be economic entities similar to the enterprises in nature instead of being administrative organs exercising administrative control over the enterprises on behalf of the state. It is only when these needs are met that it is possible to ensure that the 10 autonomous powers given to the enterprises by the State Council are truly applied to the large and medium-sized state enterprises, that these enterprises can achieve the status of legal persons in their capacity as separate and independent producers of commodities and that they can make use of their policy-making and financial powers to achieve their own technological progress and to turn their attention to the technologies market to develop their production.

Second, the achievement of increased economic effectiveness through technological progress must be used as a major yardstick for evaluating the effectiveness of the enterprises. In this regard, we must not lose sight of the need to achieve material benefits in devising proper measures to set up specific quotas (such as the production rate of newly added profit taxes derived from new technologies and new products, etc), to see to it that the principle concerning the need to achieve material benefits is implemented and to assess what has been achieved in order to encourage the enterprises to purchase new technologies. Administrative and legal action must be taken against those enterprises which are technically backward, which create large amounts of waste in their production and whose products are of poor quality. The backward enterprises must not be protected by the granting of financial subsidies and by the indiscriminate transfer of resources among the enterprises. As for those commodities whose variety and quality remain what they have been over a long period of time without being upgraded and replaced, discretionary use must be made of higher taxes as a lever to deprive them of the temporary advantage they enjoy because of the supply and demand situation in the market, but which, instead of seeking to achieve technological progress, are beset with inertia and satisfied with the status quo. Encouragement in the form of material rewards should be given those enterprises which make use of new technologies to develop new and advanced products. It should be borne in mind that the use of newly added profit taxes generated by the adoption of new technologies as the base figure for assessing the profit tax rate for such enterprises the following year is like "whipping a galloping ox." This wheel within a wheel method of

assessing the tax rate is known in foreign countries as the pernicious "ratchet effect." If we do not switch from "whipping the galloping ox" to "whipping the slow moving ox" in the management of our economy, we can never hope to cure the chronic ailment of "outdated technology, poor quality and low effectiveness" that has plagued our national economy over a long period of time and all talk of speeding up technological progress would be in vain.

Third, while making initial allocations from national income, we should allocate to the enterprises a proper amount of funds in advance for the development of technologies and products in order to strengthen their economic ability to make acquisitions in the technologies market, to enable them to make good use of such technological trade as a combination of technology transfer with compensation and payment, technology contracts, technology consultation, technical services, technical cooperation and scientific research so that they may adopt in good time new technologies to develop their productive power. An adequate proportion of production development funds taken out of the retained profits of the enterprises should be used for the development of technologies and products. Alternately, development funds should be listed separately and special funds should be used for specific purposes. At the same time, a responsibility system should be established for the use of development funds by the enterprises. Under certain conditions, the enterprises should be permitted to list technical and product development funds as production costs. They should also be permitted to use a certain amount of the funds newly generated by increased profits as technical development funds after they have gone into production. All that, however, will have to await clear-cut provisions following the further perfection of the measures for substituting the payment of taxes for the payment of profits.

In short, it is necessary to reform the economic system in order to exert pressure on the enterprises to adopt new technologies and to give impetus and a measure of vitality to the enterprises. They will then take the initiative to establish ties with the scientific and technical units and to make a conscious effort to use the technologies market to develop production; and the scientific and technical gains thus will find vast and lucrative markets. The impact of the new system is certain to put a gradual end to superficial concepts and outdated technologies.

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REGULATIONS GOVERNING LOAN CONTRACTS DISCUSSED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 5, 4 May 1981

[Article by Li Chengrui [2621 2052 3843]: "An Important Weapon To Lay the Microeconomy and Tighten Macroeconomic Control--On the General Principles of 'Regulations Governing Loan Contracts' and Implementation"]

[Text] On the basis of "The Law of the People's Republic of China on Loan Contracts" the State Council formulated and promulgated the "Regulations Governing Loan Contracts" on 28 March this year and stipulated that they were to be implemented beginning 1 April. This set of regulations is not only an important law for reforming and elevating the credit work in the country but also a powerful weapon in restructuring the economic system, improving the microeconomy and controlling the macroeconomy. It should be studied scientifically and implemented resolutely by not only banking institutions at all levels but also all personnel engaged in economic and financial work.

Borrowing Is a Credit Act Conditional on Repaying

Borrowing and lending is an act to secure credit. What is credit? Credit is a form of special movement of value with repayment as a condition. Marx pointed out: "This movement--with repaying as a condition--is precisely described as a movement of lending and borrowing, that is, this form of movement represents a conditional transfer of money and commodities." ("Selected Works of Marx and Engels," Vol XXV, p 390). Under capitalism, when the relations between commodities and money exist, the act of borrowing and lending is expressed by a creditor who lends out money (or sells bonds or credit) and by a debtor who pays back the loan or the money for the debt with interest at an appointed date. The old saying in our country that "debt must be paid" means precisely this. The principle of repayment is a distinguishing feature and also the core of the borrowing and lending activities without which there will be neither borrowing and lending nor credit activities. This type of borrowing and lending with repayment as a condition exists in different social systems. In capitalist society, it serves the capitalist economy; in socialist society, it serves socialist construction.

Since the founding of new China, banks in our country have undergone a transformation and socialist construction through credit activities.

selling funds in society; on the other hand, by utilizing bank loans, enterprises have achieved significant results in developing production, expanding circulation and giving play to the use of funds. All these are positive results. However, under the economic modality in the past, an undeniable problem also existed, which was that the fundamental principle of credit--the principle of repayment--was often found unfulfilled. Enterprises (meaning mainly state enterprises here) under good economic management and with good economic results could pay back the loans in full on time; but when enterprises under poor economic management and with poor economic results could not pay back on time, there was nothing a bank could do to recall the loans. In spite of the fact that numerous documents had specified at that time that loans must be paid, nevertheless, since the laws and regulations did not make it more specific as to what a bank should do in the event that an enterprise could not pay and on how the loan could be recalled with certainty, the provisions in the documents stipulating the repayment of loans could not be implemented. Another reason was that since the economic system in the past did not make it clear that socialist economy was a planned commodity economy and an enterprise was a relatively independent economic entity responsible for its own profit and loss and it also did not make clear that a bank should dispose of the goods and materials and assets of an enterprise failing to make the loan payment, some of the poorly managed enterprises including those operating at a loss would hold up the bank loans for a long time on the pretext of actually "waiting from the state" in the light of the state funds, namely, the fixed supply system. Consequently, it hindered the normal turnover of funds, hindered the proper use of funds and obstructed the implementation of the monetary credit plan or provisions formulated for curbing the inflation to the advantage of socialist construction.

The "Regulations" Legally Guaranteed the Realization of the Principle of Repayment.

The "Regulations Governing Loan Contracts" promulgated by the State Bank's "Regulations" has since then made loans fully defined the rights and the liabilities of the lender and the borrower of a loan and made specific arrangements for legally guaranteeing the principle of repayment. Article 4 of the "Regulations" stipulated: "A loan contract, when signed in conformity with the law, shall have the same force of law. All parties involved must strictly abide by the terms of the contract and fulfill their obligations as stipulated in the terms of the contract." Article 7 stipulated: "A borrower applying for a loan must provide the lender with a legal use of the loan, the law of China and previous statutes and articles about goods and materials and assets to guarantee the loan. When the borrower does not pay back the loan, the lender has the right to demand the principal, according to legal provisions of the goods and materials and assets put up as the borrower's guarantee for the loan." To ensure the realization of the principle of repayment and the security of the loan, Article 5 and Article 6 of the Regulations formulated a strict loan application procedure and loan contract; Article 8, with regard to the responsibility of a government body or a stipulation that the borrower must use the loan in accordance with the loan contract and in the loan contract and also repay the principal and interest as also as stipulated; Article 10 stipulated that the lender has the right to recall the loan and to supervise the use

of the loan; Article 17 stipulates that the lender must provide the loan on time; and so forth. Moreover, Article 3 and Article 20 also stipulates: "A unit or individual must never coerce a bank or credit cooperative to sign a loan contract or extend a loan." In the event of a violation, "the person directly responsible shall be investigated to affix administrative and economic responsibility. For a more serious case, the judicial organ shall investigate and affix criminal responsibility." This provision is of importance in ensuring the independence of banking operations, the proper use of loans as well as the realization of the principle of repayment.

The "Regulations" are a powerful weapon to smash the practice of "eating from the same big pot" of the state funds by enterprises and thus enhance the vitality of enterprises. It was pointed out in the "Decision on Reform of the Economic Structure" of the 3d Plenum of the 12th CPC Central Committee that "the key to restructuring the economic system is invigoration of enterprise," and that "the enterprise should be truly made a relatively independent economic entity and should become a producer and operator of socialist commodity production that is independent and responsible for its own profit and loss and capable of transforming and developing itself and that acts as a legal person with certain rights and duties." The decision embodied in the "Regulations" about the rights and obligations between the borrower and the lender, namely, between the enterprise and the bank, centered around the principle of repayment represented in the institutionalization of the above-mentioned principle in the "Decision" on the relationship between the borrower and the lender. Only by handling the relationship between the borrower and the lender according to the provisions of the "Regulations" can an enterprise truly become a legal person who is responsible for its own profit and loss with certain rights and duties, and can we reverse the current situation in many enterprises which are "only responsible for their own profits but not their losses." Only by so doing can we change the perennial "funds supply system" so as to help realize competition where the law of the jungle prevails by consciously adhering to and applying the law of value; only by so doing, can we help to break the blockade and monopoly hampering the growth of production, lay bare the defects of enterprises quickly and stimulate enterprise to improve technology, operation and management and improve the socioeconomic results of enterprises.

An enterprise must pay back to the bank the money it borrowed. Failing to do so, the bank may dispose of the enterprise's goods and materials and assets according to the law. This is an established common practice in the commodity economy to begin with; it is a natural and logical reciprocity of the rights and obligations between the borrower and the lender and an elementary and fundamental requirement of abiding by the contract on borrowing and lending. However, some comrades who are so used to eating from "the same big pot" may be unaccustomed to it and found it a "pressure." If it is a pressure as alleged, then it should be said it is an indispensable and positive pressure in developing socialist economy and a forward-moving motive force. One may recall what Iron Man Wang of Daqing once said: "Oil will not gush out if there is no pressure from the earth and men cannot achieve without pressure." I think this is a truth. When we now encourage enterprises to "switch course and change mode," it means one should consciously accept and utilize this

pressure. If an enterprise does not pay back the money it borrowed and tries to get along by "eating from the big pot" of the state, how then can it be worthy of the name of a "production and operational-type" enterprise. I am convinced that the new-type entrepreneurs of the new socialist period will certainly and consciously turn the pressure into a motive force and a vitality for survival and development in the storm in which only the fittest will survive and continue to make new contributions in socialist construction.

The "Regulations" are a powerful weapon for strengthening credit management and centralizing the power of issuing currency truly in the hand of the state to enhance macroeconomic control. Why was it that many problems such as runaway macroeconomic control, credit inflation and excessive issue of currency cropped up during the second half of 1984, especially during the fourth quarter? While there were numerous causes, one of the important ones was that the principle of repayment of loans was not fully realized and the phenomena of enterprises "eating from the same big pot" of the state through the bank still existed and also continued to develop. In spite of the several directives issued by the State Council since the beginning of this year and the numerous documents handed down by the People's Bank of China urging that loans be strictly controlled and currency supply adequately curtailed, and in spite of the initial results achieved, the actual amount of loans extended and currency issued nevertheless broke through the set plans. This shows that there are still deficiencies in our way of turning back credit inflation and strengthening macroeconomic control and also in the economic mechanism. Conscientiously implementing the "Regulations" is an important means of solving this matter. Article 3 of the "Regulations" stipulates: "The borrower and the lender must abide by the law of the state and sign the contract in accordance with state policy and the state plans and pertinent stipulations on the basis of equality and consultation." In the past, some poorly operated enterprises would ask the bank for a new loan even though they had not yet paid back the old one. They would ask two questions if they were not given the loan:

1. Who should be responsible if the enterprise could not buy raw materials and had to stop production?
2. Who should be responsible if the wages for workers and staff members were not paid?

In the past, since conditions were not clearly defined that an enterprise should be "independent and responsible for its own profit and loss," many responsible persons of enterprises and certain local party and government leading comrades did not feel that these problems should be taken care of by the enterprises themselves, instead, they felt that the bank should be responsible. Consequently, the bank was compelled to stop recalling the old loans from these enterprises and at the same time extend new loans to them. In this sense, the borrower and the lender are not truly on the basis of "equality and consultation." In these circumstances, even the currency-supply target and the credit scale set by the state exceeds the limit prescribed to the bank, the bank still has to continue extending loans to enterprises and put in more currency. The "Decision" of the 3d Plenum of the 12th CPC Central Committee made it clear that the enterprise "acts as a legal person with certain rights and duties," thereby giving equal footing to the relationship of borrowing and lending between the enterprise and the bank and also providing the binding force of the law on a loan contract. The "Decision" also made clear that because "the law of the jungle prevails," no enterprise has the natural right of existence; if an enterprise

does not have the money to replenish its stock and cannot pay wages because the bank has to recall the loan due, or the bank, restricted by the state plan and the limit of its own funds, cannot extend a new loan, the enterprise should assume the responsibility itself. Only by doing things in strict compliance with the "Regulations" can a bank do business according to the currency-supply targets and the credit-scale plan set by the state to truly extend a loan to the best enterprise picked (it also implies that "no loan will be extended to a poorly run enterprise which has been screened"); only by so doing can a loan which is due be recalled by coercive means so as to ensure uninterrupted turnover of funds and raise fund-utilization efficiency; only by so doing can we, through credit management and planned control of the currency supply, achieve a general balance of supply and demand in the national economy and make the economic structure more rational as a whole. The situation of national income exceeding distribution (also called over-distribution) has appeared time and again in the past 30 years or so, bringing forth the problem of having a payable total demand greater than the total supply. To solve this problem, it is imperative to adopt forceful measures in many areas, most fundamental of all is, in making policy decisions on macroeconomic matters, we must adhere to the principle of acting according to our own capability and proceeding in an orderly way and step by step so as to adequately control the capital construction investment and the consumption funds and resolutely stay away from over-distributing the national income; implementing the "Regulations" by breaking down the practice of "eating from the same big pot" of state funds through the bank by enterprises is one of the important means to change and guard against this phenomenon.

Of course, herein there is also an issue involving the specialized banks themselves. At present, it has still not been made clear to the various specialized banks that as a state banking enterprise under the guidance of the state plan and a relatively independent economic entity, a specialized bank is only responsible for its own profit but not its loss and that it can increase its income by extending more loans; loans that cannot be recalled in the future will be written off by the bank. Thus a specialized bank does not really have any economic and legal responsibility. This kind of economic mechanism is also to the disadvantage of strengthening credit and currency management and macroeconomic control. But, this is a complex issue and since it does not come under the scope of this article, I will not pursue it further.

How Can the "Regulations" Be Implemented Effectively

To implement the "Regulations" consistently, it is necessary to publicize the main contents and importance of the "Regulations" extensively so that leading cadres, economic cadres and judicial cadres at all levels can diligently study and comprehend this set of "Regulations" so as to unify ideological thinking. What is involved here is a matter of achieving a scientific understanding of the law of value. The 3d Plenum of the 12th CPC Central Committee has called on us to "consciously adhere to and apply the law of value." This principle is supported wholeheartedly by everyone. However, in the mind of some comrades, the law of value only implies that more profits can be retained, more bonuses can be issued and ex-factory prices of products can be raised in any circumstances as if the law of value were a bowl of

honeyed water, without realizing that it is also a dose of bitter medicine that one has to take under certain circumstances. Expounding the law of value in the 1950's, Comrade Sun Yefang [1327 0396 2455] once said: The law of value itself has become a spontaneous but extremely sensitive automatic calculating machine for computing the average essential labor in society for products. It keeps on reminding those producers lagging behind to strive to improve their work or become subject to harsh punishment; it also encourages the advanced producers and gives them rich and generous awards so as to continually spur them on" (Sun Yefang, "Certain Theoretical Questions of Socialist Economy," People's Publishing House, 1979, p 3). I think this explanation is comprehensive and scientific. Besides using the bank loans to operate the business well and achieve good economic results and by paying back the principal and interest on time, an enterprise can also make more profit--precisely what is called a "rich and generous award." On the other hand, if the loan is not properly used and the economic results are poor and the "goods and materials and assets used as guarantee for the loan" are being disposed of for failure to repay the loan, this will draw "harsh punishment." One must be prepared to accept both consequences. It will be incompatible with the objective demand of the law of value and the demand of socialist economic construction if one only accepts the former willingly and refuses to accept the latter. Bank workers must also realize that extending loans in accordance with the "Regulations" is giving positive impetus to socialist economic construction; similarly, recalling a loan by coercive means in accordance with the "Regulations" also gives a positive impetus to socialist economic construction. How can we maintain a rational turnover of funds and enlarge the source of funds for loans if we do not recall on time loans which are due? How can we increase the pressure and motive force on enterprises and stimulate the rise of economic results? I have noticed that some articles expounding the law of value speak more about "sweetness" than "bitterness," and some do not even mention it at all. This article of mine, therefore, would supplement some points in the "bitterness" area. As the saying goes, good medicine tastes bitter, so perhaps this supplement is necessary. First, it is hoped that everyone will expound the law of value comprehensively and scientifically like Comrade Sun Yefang. This will be to the great advantage of implementing the "Regulations" and of restructuring the economic system as a whole.

Second, implementing the "Regulations" also requires the competent departments concerned to put forth the necessary rules for implementation, including the legal procedures governing the "disposal of goods and materials and assets used by the borrower as guarantee for the loan." I also hope that the NPC Standing Committee will draw up and promulgate the "Enterprise Bankruptcy Law" and "Social Security Law" [shehui baoxian fa 4357 2585 0202 7140 3127] as soon as possible (including measures for handling personnel of enterprises declaring bankruptcy). These laws along with the "Regulations" will facilitate implementation. It goes without saying that the formulation of the "Enterprise Bankruptcy Law" and the "Social Security Law" is a complicated matter and will possibly take time. It is hoped that the People's Bank of China will think about drawing up some interim measures to be submitted to the State Council for approval before handing them down so as to help implement the current "Regulations."

Third, implementing this set of "Regulations" is something new requiring the competent departments and the local governments to concentrate on work at typical units as an experiment and extend the work to other areas step by step after gaining experience.

Finally, it is hoped that leading comrades of various localities, departments, enterprises and units will all seriously study and comprehend this set of important "Regulations" promulgated by the State Council and organize and support the banking and economic departments and various enterprises to implement it most effectively so as to stimulate the development of socialist construction.

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FINANCE AND BANKING

AGRICULTURAL BANK PRESIDENT EXPLAINS BANK BOND ISSUE

Beijing NONGMIN RIBAO in Chinese 12 Sep 85 p 2

[Interview with Ma Yongwei [7456 3057 0251], president of Agricultural Bank of China,: "To Mitigate Contradictions Between Supply and Demand of Funds for Rural and Small Town Enterprises, Bank Bonds Are Issued for Use in Special Loans"]

[Text] [Question] What is a bank bond [jin rong zhai quan 6855 5816 0280 0457]? Why does the Agricultural Bank of China issue bank bonds?

[Answer] A bond is a kind of negotiable security. The bank bond issued by the Agricultural Bank is a certificate of the debtor's rights signed by the Agricultural Bank. The holder of the bond has the right to call in the principal and interest upon maturity. Some banks abroad have looked upon bonds as a normal way to raise funds; raising funds by issuing bonds is also one of the normal business operations of banks in China. This is the first time that bonds have been issued since the founding of new China.

The contradictions between the supply and demand of funds is very prominent this year. At present there are indeed some rural and small town enterprises whose products are much needed by society and who have achieved excellent economic results, but they have found it hard to carry on for lack of funds. To invigorate the microeconomy, mitigate the current contradiction between the supply and demand of funds, and ensure that certain nearly finished construction projects with good results will not suffer a loss, it is necessary to transform some consumption funds into production funds as a new way to open up the socialist funding market. With the approval of the People's Bank of China, the Agricultural Bank of China is issuing 1.5 billion yuan of bank bonds to raise funds to provide these funds urgently needed by enterprises.

[Question] What are the characteristics of the bank bonds issued by the Agricultural Bank of China this year?

[Answer] The bank bonds issued by the Agricultural Bank of China this year have different denominations, the time limit is short and the interest rate is high. The bonds have three denominations--20, 50 and 100 yuan--which can basically cope with the bond-purchasing capacity and the interest of the

people at different income levels. The time limit of the bonds is 1 year and the annual interest rate is 9 percent, which is 25 percent higher than that currently paid by the banks for 1-year-term savings deposits. The bonds will return the principal and pay out interest upon maturity but they cannot be cashed in ahead of time and no interest shall be paid to the portion exceeding the time limit when bonds are not redeemed upon maturity. It is also stipulated that the bank bonds issued this year will not be registered in the purchasers' names nor will report of their loss be accepted; they are not allowed to be circulated, transferred or used as security. The bonds can only be redeemed upon maturity at the banks which originally sold them. These stipulations are for the purpose of stabilizing the bank's source of funds.

[Question] Why is it that only individuals are allowed to purchase the bank bonds issued this year?

[Answer] According to statistics compiled by departments concerned, by the end of 1984, the amount of cash in the hands of peasants had increased 45 percent as compared with the preceding year. According to a typical investigation in some areas, some specialized households, especially those individual industrial and commercial households and those contractors to enterprises, have from 10,000 to several hundred thousand yuan cash in hand. The potential of funds is enormous among the peasants. To transform some of the consumption funds into production funds with guidance so as to augment the strength of funds for production and construction, we therefore stipulate that the purchase of bank bonds issued by the Agricultural Bank this year be confined to individuals.

[Question] How are the funds raised by issuing bank bonds used?

[Answer] We have designated the funds raised by issuing bank bonds this year for special use in fully extending special loans.

The so-called special loans refer to loans extended for technical transformation and basic construction projects of rural and small town enterprises whose products are much needed in society and which have achieved excellent economic results, and for those projects which can be completed and put into operation by investing small amounts of funds. The special loans also mean loans extended for circulating funds urgently needed after the projects are completed. The purpose of extending special loans is, while strengthening macroeconomic control, to implement the policy of dealing with each case on its merits and to regulate the supply and demand for funds and readjust the structure of funds by economic means so as to solve a portion of funds urgently needed by enterprises and ensure that these nearly completed completed construction projects with good results will not suffer any loss.

[Question] What enterprises may apply for special loans?

[Answer] Enterprises applying for special loans must be enterprises or units that meet the bank's pertinent stipulations governing loans to rural and small town enterprises and must meet the following requirements: (1) the

products for which the loans are intended are much needed in the domestic market or for export; (2) they must be enterprises which have used up most of the total investment for the projects; (3) the projects for which the loans are intended can bear the high interest rate, the funds turnover is fast and economic results are good and can repay the loans within 1 or 2 years; (4) they are guaranteed by units with sufficient economic income and the guarantor units are jointly responsible for repayment of loans.

[Question] Why is it that interest rates of bank bonds and special loans are generally higher than those of deposits and loans offered by the bank?

[Answer] That the interest rate of financial bonds is higher than that offered by the banks for savings deposits for the same duration is mainly in consideration of the fixed time limit for bank bonds which can only be redeemed upon maturity and not ahead of time and thereby are subject to more restrictions than savings deposits. Furthermore, the bank bonds issued this year represent funds raised for special loans; therefore, encouraging the people to purchase them energetically will increase the funds in support of the building of rural and small town enterprises. Higher interest rates are also set for special loans so that, while strengthening macro-financial control in a situation in which the contradiction between supply and demand of funds in rural and small town enterprises is more prominent, enterprises with good results will be picked and their development supported to stand the test of a higher interest rate and the survival of the fittest so as to gear the funds toward enterprises with good economic results.

[Question] Why is a guarantee needed for a special loan? What are the responsibilities of a guarantor unit?

[Answer] Because a special loan has a high interest rate and a short time limit and has to be called in upon maturity in order to pay for the principal and interest to those who purchased the bonds, the loan's risk is bigger. To guarantee security, we require an enterprise applying for a special loan to find a unit with comparable economic income as a guarantor (including an insurance company that handles property insurance). The guarantor unit must be either a state-owned, collectively owned or individual enterprise maintaining an independent accounting system, assuming its own profit or loss and making sufficient profit and with the net value of its assets being greater than the amount of the loan it guarantees. A guarantor unit is jointly responsible for the repayment of a debt.

Since this is the first time the Agricultural Bank has tried to issue bank bonds and special loans, it has no previous experience. It is hoped that units concerned will support and assist us in doing this work well under the leadership of the party and governments at all levels.

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PRESIDENT OF AGRICULTURAL BANK OF CHINA DISCUSSES FUNDING

Beijing JINGJI RIBAO in Chinese 8 Oct 85 p 2

[Article by reporter Zhang Nianqun [1728 1819 5028]: "Striving for Flexibility Through Tight Credit--Interview with Ma Yongwei, President of Agricultural Bank of China"]

[Text] Purchasing farm produce and sideline products is a matter bearing on the national economy as a whole. Recently, this reporter interviewed Comrade Ma Yongwei [7456 3057 0251], president of the Agricultural Bank of China, who just assumed office, about the supply of funds for purchasing farm produce and sideline products.

President Ma said to this reporter, autumn is a brisk season for purchasing farm produce and sideline products and is also a busy season for rural financial work. At present, the issue that we are most concerned with, or is the most worrisome to us, is whether or not the supply of funds can be guaranteed for purchasing farm produce and sideline products according to the contracts of fixed quotas for purchasing, since it has a bearing on the implementation of the policy on purchasing farm produce and sideline products and restricting the development of the rural commodity economy in our country.

The president told this reporter, the purchasing of farm produce and sideline products in autumn this year faced a new situation. On the one hand, after the system of unified and assigned purchase of farm produce was reformed this year into fixed purchase by contracts and purchase in the market, the peasants' enthusiasm for production has run high and the variety and quantity of farm produce and sideline products are expected to surpass those of the past years; on the other hand, to ensure smooth progress in the wage and price reforms, the state has adopted the measure of tight control over credit. Even though specific control of credit funds for purchasing farm produce and sideline products has been put into effect, the supply of funds for purchasing this year may even be more stringent than in previous years.

When this reporter asked about the cause of fund stringency since specific control of the credit funds for purchasing farm produce and sideline products has already been implemented, President Ma said, implementing specific control does not mean supplying funds freely. Specific control can only ensure that the purchasing funds will not be misappropriated or used for purchases

not included in the original plans. It does not mean that unlimited protection is also extended to the source of funds. President Ma said, for a long time, our country had followed the policy of purchasing farm produce and sideline products in a unified and assigned way with the state purchasing as much as the peasants produced and the banks supplying the needed funds. This system played a positive role at a time when there was a shortage of farm produce and sideline products. However, with the development of the rural commodity economy, some defects have gradually come to light, such as agricultural production is out of line with the market need, thus hampering the development of the commodity economy. For this reason, it is imperative for the bank to readjust its policy of supplying funds for purchasing farm produce and sideline products and apply the law of value to cope with the situation of developing the commodity economy in a planned manner.

President Ma said, the principles of supplying funds for purchasing farm produce and sideline products this year are: the Agricultural Bank should supply funds based on actual needs for purchasing farm produce and sideline products contracted to be purchased at a fixed quota or to be purchased at a protected price under the state plans; energetic support will be given based on the availability of funds for those farm produce and sideline products which the local governments at all levels have made arrangements on their own to purchase according to the needs of the state and the market; the principles of "deciding on a loan based on

fine quality" and "deciding on a loan based on sales" will be adhered to and acted on according to one's capability in dealing with those farm produce and sideline products outside of the plans and those involving many channels the purchase and sale of which are to be done at negotiated prices by proceeding from the actual supply and demand situation in the market; the supply of credit funds should be limited in dealing with the farm produce and sideline products restricted by the state. President Ma explained, we consider purchasing farm produce and sideline products within the state plans as a plan handed down by the State Council and other responsible departments concerned. This portion of funds for the purchase should be made available based on needs. With regard to the farm produce and sideline products, especially those to be purchased in large quantities, those for export to earn foreign exchange and those bearing on the national economy and people's livelihood according to the plans arranged by the provincial-level governments themselves, funds should be made available to satisfy their needs to the maximum by proceeding from realities.

President Ma concluded, it should be pointed out clearly that the measure taken by the state to tighten control of the scale of credit is a completely correct one. By so doing, it will help develop the national economy in a sustained, stable and harmonious way. Between January and July this year when credit funds were quite stringent, the broad masses of rural financial cadres had correctly handled the relationship between exercising macroeconomic control and invigorating the microeconomy, turned pressure into motive force, strengthened credit control, energetically organized and rationally managed funds and basically satisfied the rural commodity economy, particularly the need for funds to purchase farm produce and sideline products during the summer season. In the meantime, these activities have also inspired financial

enterprises to tighten credit control, encouraged industrial and commercial enterprises to conserve funds and steeled rural financial cadres. President Ma hoped that the broad masses of rural financial cadres would press forward in the face of difficulties when funds are stringent so as to seek flexibility amid stringency, do away with the attitude of simply relying on the higher authorities, overcome the state of inertia, strive to tap the potential of acquiring funds, do a good job in supplying funds for purchasing farm produce and sideline products and make contributions to the socialist modernization drive.

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NECESSITY OF STUDYING THEORETICAL RESIDENTIAL RENT

Beijing JIAGE LILUN YU SHIJIAN [PRICE THEORY AND PRACTICE] in Chinese No. 4,
20 Jul 84 pp 23-25

[Article by Cao Zhenliang [2580 2182 5328]: "The Necessity of Studying
Theoretical Residential Rent"]

[Text] To reform the residential rent system, we must first be theoretically
clear about what constitutes rent, namely the composition of theoretical
residential rent. Only then can the reform have a basis and a purpose.
This article proposes to do some analysis on this topic.

I

If the cost of construction is included in the factory price, then rent should
be the selling price, which corresponds to the commercial price of general
commodities. Because the production and management of a commodity such as
a residence are somewhat different from those of general commodities, the
formulation of residential rent also has different characteristics from the
formulation of commercial prices for general commodities. (1) The cost of
constructing a dwelling is high and a dwelling has a long usable life. Usual-
ly through rent, it takes the form of collecting rent to gradually realize
its value. So the rent is a kind of rental pricing; it is a monetary expres-
sion of a residence's rental value. (2) The process of renting a residence
is both an expanding process of the whole building and a process of continuous
repair and maintenance by the residence management bureau. Maintenance should
have cost compensation, therefore, to a great extent, the rent also embodies
the collection of maintenance fees. (3) A residence is a fixed commodity
on a given piece of ground, permanently occupying the land. The formulation
of rent is directly related to the land rent. Because of the difference
in locations of land, dwellings of the same structure and quality might have
different rent standards, and thus differences in grades.

In theoretical circles, there is no unanimity of opinion currently as to
what factors actually constitute rent. Basically, there are three opinions:
(1) A composite of five factors: residence depreciation, maintenance ex-
penses, management expenses, interest, and real estate taxes. (2) A composite
of seven factors: the five factors stated above, plus land rent and profit.
(3) A composite of eight factors: the seven factors stated above plus insur-
ance.

There are also different opinions as to what factors constitute rental costs. The major alternatives are: (1) The three factors of depreciation, maintenance expenses and management expenses. (2) In addition to the above three factors, there is also a fixed asset use fee, i.e., profit. (3) The above plus interest and land rent, or tax and interest, or fixed asset use fees and tax.

Why are there so many divergent opinions about what constitutes rent? Besides the fact that rent formulation is more complicated than the formulation of commercial prices for general commodities, one important reason is that when some comrades study the formulation of rent, they do not separate theoretical rent (or basic rent) from actual rent (or determined rent). Theoretical rent refers to the rent that is formed by viewing the residence as a commodity to produce and manage. First the total costs incurred in the production and management process are determined then, according to the general principles of price formulation, that is, according to the requirements of the law of value, the rent is formulated. However, this is not necessarily the rent actually charged. Actual rent rests on the basis of theoretical rent and is determined according to the state of supply and demand, workers' income levels, and by the party and state policies which over a period of time have set rent standards. Therefore, when we study rent formulation, we must first separate theoretical rent from actual rent in order to provide a common basis for discussion.

II

From what factors should theoretical rent be formulated? In my opinion, we should consider the eight factors of depreciation, maintenance costs, management expenses, real estate taxes, profit, interest, insurance, and land rent. Base cost rent only includes the three factors of depreciation, maintenance costs and management expenses. Since within the overall pricing system, rent is equivalent to the commercial prices of general commodities, the general principles for the formulation of commercial prices should be basically applicable to the formulation of rent. Commercial prices are the prices of commodities that have entered into the sphere of circulation. It is composed of three parts, stocking prices, circulation expenses and profit, among which the first two constitute the commercial cost. The difference with the formulation of rent is, besides these three components, land rent must be added. The following four sections will analyze the concrete economic content of the aforementioned eight factors and their role within the formulation of theoretical rent based on the four components.

A. The depreciation in the rent is equivalent to the inventory price of a commodity. In the commercial price of a commodity, the inventory price is the commodity's factory price. The commodity is paid for in advance by a commercial department and the money is usually collected for the one time after the commodity is sold to the consumer. The "inventory price" in rent is the residence's construction cost. The amount paid by the real estate management department for managing the rental of the residence can not be collected at one time and needs to be collected gradually in the form of rent and by methods of depreciation. Depreciation in rent is somewhat

different from the depreciation in general commodity production. The latter is a fixed asset in the means of production. In the process of production, it is gradually, "productively consumed." The expenses taken each year, or the value transferred from the fixed assets year by year are combined in the formulation of the value of the new product in that year, while the depreciation cost in the rent of a residence is used as one of the materials in living that the individual consumes. Depreciation comes from the construction cost realized incrementally over the life of the building, and is not present as a question in formulating the cost of the new commodity in the year it is produced.

B. The maintenance costs and management expenses in rent are equivalent to the circulation expenses of the commercial price. Circulation expenses are various expenses incurred during the course of the commodity entering into circulation. It is divided into production circulation expenses and pure circulation expenses. The former is derived from the movement of the commodity's practical use value. It is the expenses paid recurring in the sphere of circulation during the production process. The latter is the expenses incurred because of the change in the form of the commodity's value. The circulation expenses in rent are the various expenses incurred when this kind of commodity, as a residence, enters into the sphere of circulation. That is to say, the expenses incurred during the process of renting which include maintenance costs and management expenses. Maintenance costs are the ones incurred after real estate departments rent out the residences and do maintenance and repairs as needed. Repairs and maintenance are for maintaining and extending the usable life of a residence, thereby increasing its practical value. The maintenance costs here, in terms of their nature, are equivalent to the product circulation expenses. Management expenses are various expenses paid by the residence management department during the managerial process and include salaries of the administrative staff, office expenses, overhead, etc. Administrative funds allocated by the state are not included. This belongs to pure circulation expenses. Both maintenance costs and management expenses are factors in the formulation of the basic rent.

C. The profit component in rent is equivalent to the profit in commercial pricing. It comes from two sources; one part is transferred from the construction department and the other part is created by the maintenance workers of the management department. There is no consensus of opinion as to which parts the profit component in rent includes, for there is little consensus concerning rent formulation. I think we can consider the four following aspects: 1. Tax, or real estate tax: This was included in the industry and commerce tax in the 1972 tax reform. Generally speaking, all enterprises that practice independent economic accounting have to pay a commerce and industry tax. Resident management departments as management units are no exception and must pay tax. Therefore, the profit component in rent should include tax.

2. Interest: What is called interest here is the interest the residence management department should pay on the loan it has borrowed from the bank for engaging in residential leasing. It is a component of the profit. However, in actual practice, interest is calculated into cost. Now there are

quite a few people who advocate changing this, because interest calculated as part of cost is not scientific. Also, it does not effectively compel enterprises to improve their economic accounting in order to elevate economic benefits. I think there is an argument for this position. That is why I put interest into profit to do this analysis. The cost of using capital is part of an enterprise's net income turned over to the state by the enterprise in accordance with the scope and ratio stipulated by the state's financial administration and according to the amount of capital used. It can be seen that the cost of capital use is a part of the enterprise's profit and should be itemized within the profit. Real estate management departments are no exception. Their cost of capital should be deducted from the profit and can not be calculated in base cost rent.

3. Insurance: Whether rent should include insurance cost depends upon whether the rent of a residence is considered to be part of the property's insurance. As our country's insurance industry develops, the public residences in cities and towns must have insurance, so when analyzing the formulation of theoretical rent, this factor must be taken into consideration. However, the insurance cost should be shouldered by the management unit by being deducted from its profit, and not be calculated into costs.

4. Profit: The residential management department acts as a management unit which functions basically as a commercial department; thus there should also be profit. This profit is not the legal profit from the cost of residential construction. In terms of amount, it is the average profit made by the residential management department after the land tax, interest and insurance costs are deducted. Part of the profit is turned over to the state, while the other part is kept by the management unit to be used for development and management funds, employee benefit funds and employee incentive funds.

D. For the question of land rent as part of residential rent, in a socialist society, there still exists land rent. Since residences occupy land for a long period of time, land rent naturally should be paid, so residential rent should include land rent. It is the superprofit beyond the average profit. Here, the land rent is a construction land rent, whose principle of formulation is the same as that for agricultural land rent. An important characteristic is that the geographical location has a decisive influence on differences in land rents. In our country, there are two kinds of land used for public buildings. One is state-owned land in the city. Another is land appropriated from agricultural collectives for use by the state as an investment. Therefore, regardless of the origin of the land used for public buildings, the income from land rent as a part of residential rent should all be turned over to the Finance Ministry.

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INDUSTRY

CONSTRUCTION OF BAOSHAN IRON, STEEL COMPLEX DISCUSSED

Beijing LIAOWANG [OUTLOOK WEEKLY] in Chinese No 38, 23 Sep 85 pp 12-14

[Article by Zhou Yongkang [0719 3057 1660]: "Baoshan Steel Plant--'Iron and Steel Baby' of China's Modernization"]

[Text:] A modernized iron and steel industry baby was born on China's eastern seaboard.

More than 6 years have elapsed since the first steel pipe was driven in 1978 to start the construction of the Shanghai Baoshan Iron and Steel Complex that has attracted worldwide attention. The first-phase project of this modern iron and steel complex was officially put into operation on the eve of National Day this year. This is a gigantic project never seen before and consuming an enormous amount of money in the more than 30 years since the founding of new China.

This modern iron and steel complex occupying 12 sq km of land can be described as a magnificent iron and steel city. The 4,000-cu-m No 1 large blast furnace standing more than 110 m high at the center of the steel city is like a "giant" overlooking everything around it. After being put into operation, this "giant" will disgorge daily nearly 10,000 tons of piping molten iron. Echoing each other at a distance from the blast furnace is the steel smelting plant with three 300-ton-capacity converters housed in a tall and spacious reddish brown building. Rolling mill buildings and steel structure buildings that extended 1 km from end to end are coated in jade green color, the two rolling mills as tall as a four-story building are like twin brothers standing tall and straight on solid ground using their powerful "arms" to roll pieces of bulky steel ingots into different kinds of semifinished steel products. The power generating plant at a distance is transmitting streams of powerful electric currents to various parts of the steel city. The coking plant by the power plant in the latter part of May turned out the first batch of fine-quality coke needed by the blast furnaces for iron smelting.... The more than 20,000 workers and staff members of the Baoshan plant are striving to meeting the designed demands of producing more than 3 million tons of molten iron and more than 3 million tons of molten steel annually as soon as possible.

Going After "Chicken" or "Egg"?

The construction of this modern iron and steel enterprise has gone through an unusually tortuous course. People have made endless comments and criticism about the Baoshan steel plant in the past 6 years or so. These comments and criticisms are not exactly groundless. But just how should we treat the Baoshan steel plant today, an important project that spent so much money?

Last year, our country turned out more than 43 million tons of steel, ranking fourth in the world after the Soviet Union, Japan and the United States. However, since our country has a huge population, each person, based on the population average, has only 0.04 ton, on the other hand, Japan with its largest per capita steel output produced more than 20 times more per capita than our country. Our steel output, especially steel quality, varieties and specifications, cannot satisfy the needs of national economic development by a long shot. The state has to spend hundreds of millions of U.S. dollars to import large quantities of rolled steel. Much more rolled steel is needed if we are to quadruple the 1980 gross value of industrial and agricultural production by the turn of the century.

Confronting us now is a realistic issue: Should we spend large sums of foreign exchange as we did in the past to buy an "egg" (rolled steel) from abroad every year or spend a little more foreign exchange to buy a "chicken" (steel plant) to lay "eggs" ourselves? It is quite obvious that to enhance the economic strength of a large developing country like ours, undoubtedly we should adopt the latter policy and strive to strengthen our iron and steel industry.

It is thus clear that the policy decision made in those days to build the Baoshan Iron and Steel Complex is fully understandable.

A Difficult Birth

However, this does not mean to say that the policy decision made in those days was well thought out. Even though giving birth to the Baoshan steel plant is a logical process, nevertheless it turned out to be a "baby" from a difficult childbirth.

If we say some mistakes were made in the policy decision, they were due mainly to our divorcing ourselves from the national conditions in 1977 at the time when discussion about building a large iron and steel complex in Shanghai like the Baoshan steel plant was started. At that time, the 10 chaotic years had just ended and the national economy, on the brink of collapse, had not yet recovered and, the state had to spend money in many places. It was indeed out of touch with our national financial capacity at that time for us to think about completing and putting into operation a gigantic and costly project such as the Baoshan steel plant within a short time. We did not act according to our capability nor did we proceed from realities.

Why did we not suspend the project expeditiously when we later discovered that conditions for building this project were not yet ready? There was heated discussion of this question at the Baoshan steel plant construction site.

In early 1981 more than 200 leading comrades, engineering and technical experts and economists took part in this demonstrative discussion meeting organized by the ministries and commissions at the central level. At the meeting, the grim situation had made people ponder: Since the line of capital construction at that time was extended too far and the proportion of heavy industry was far too big, the capital construction projects of large numbers of factories and enterprises had to be cut down so as to reduce investment as much as possible. As an iron and steel capital construction project that required the biggest investment, the Baoshan steel plant was undoubtedly the first to be affected. For this reason, what the leading department considered more profoundly at that time was not how to carry on the construction of the Baoshan steel plant but rather how to reduce the economic loss to a minimum after the construction of the Baoshan steel plant was suspended. After an on-the-spot study and going over numerous data, engineering experts from various localities discovered that if the construction of the Baoshan steel plant were suspended, we would have to cancel some of the contracts for importing equipment from abroad and the state would have to assume enormous economic losses and that once large quantities of equipment were imported and let lay idle, the state would have to pay a tremendous amount of storage fees and so forth. The experts' views were centered on one point: they had to face the reality of 10.03 billion yuan that the Baoshan steel plant had already invested or had to be reinvested. If we say we made the decision in the past without proceeding from the national conditions, by divorcing ourselves from realities and in an unrealistic manner, then we must now weigh the advantages and disadvantages of suspending or continuing the construction of the Baoshan steel plant in the light of actually having spent the more than 10 billion yuan. As a result, the experts made suggestions to go slow, avoid the (investment) peak, open all avenues for financial resources, raise funds in a planned manner, diversify undertakings, increase income and decrease expenditures and build by stages and in groups so as to achieve results.

At that time, Premier Zhao Ziyang of the State Council made an important decision to carry on with the construction of the Baoshan steel plant after studying the suggestions from all quarters and inspecting the Baoshan steel plant construction site personally.

In compliance with the guiding ideology of seeking truth from facts and keeping a firm hold on the construction of various projects steadily, the Baoshan steel construction project as a whole has been progressing quite smoothly in recent years.

Various Comments on the Selection of a Site

At the beginning of the Baoshan steel plant construction, people shared different views about the question of picking a site. Some people were of the opinion that since Shanghai is situated on alluvial ground with poor load-bearing capacity, it would not be worthwhile to build large blast furnaces and converters there because pipes had to be driven, thus adding more investment, and that it would be better to build this large iron and steel enterprise in the interior. Such a view was not without justifications. However, on the question of picking a site for the Baoshan steel plant, it was necessary to make an analysis on the advantages and disadvantages comprehensively from all angles.

At present, various countries in the world have in general built large iron and steel complexes in areas along the coasts and rivers. The reason is that an iron and steel plant handles tremendous amounts of raw materials, supplies and products and the total transport volume from raw materials to finished products amounts to about 8 tons for every ton of steel produced. It is more worthwhile to undertake such an arduous transport task by means of waterway transportation, therefore pipes have to be driven if they are to be built in the coastal region.

This type of steel pipe has bigger load-bearing capacity and is suitable for deep driving, thus it is good to build steel plants in the coastal region. Although we have to spend some foreign exchange for driving a number of pipes, it still pays from a long-range point of view.

More important, a modern iron and steel enterprises such as the Baoshan steel plant has to rely on a large city with higher scientific and technological level, such as Shanghai, to solve all kinds of difficult problems encountered in the course of construction and has to use Shanghai as a base to digest the advanced production techniques and management expertise for a modern enterprise so as to advance technical transformation of the iron and steel industry in our country as a whole. Practices over more than 6 years have amply proved that this experience should not be neglected.

A Solid Technical Rear-Area

The Baoshan steel plant set up an advisory committee at the end of 1979. This advisory committee composed of experts and professors from the metallurgical, civil engineering, machine-building, automatic instruments and meters, environmental protection and economic circles in Shanghai became a brain trust in the construction of the Baoshan steel plant and played an important role as a "solid technical rear-area" in solving numerous technical problems.

In the summer of 1980, the level of steel pipes in the foundation work of some projects in the Baoshan steel plant construction was found to have shifted all of a sudden. The news caused some shock as it spread. Some even made appalling comments that since the pipes were driven into soft soil, the Baoshan steel plant would collapse and slide into the Chang Jiang. At that crucial juncture, Li Guohao [2621 0948 6275], chief adviser of the advisory committee and president of Tongji University at that time, arrived at the construction together with more than 10 construction engineering experts to conduct a detailed investigation on the pipes that shifted position. Li Guohao discovered that the calculations and disposal measures submitted by the Japanese side were without sufficient theoretical basis and the calculations were not strict enough. He made a series of precise and accurate calculations again. Based in his and other experts' proposals and after conducting numerous tests on controlling the pipe shifting, the Baoshan steel plant construction headquarters finally solved this major difficult problem that worried everyone.

This advisory committee is composed of authoritative persons of academic societies in Shanghai and has played a bigger role as a citywide "advisory network" in solving numerous problems by organizing numerous experts and professors in Shanghai to tackle key problems. That the Baoshan steel plant has been able to solve certain technical problems more smoothly in recent years is inseparable from the support given by this "technical rear-area."

How Is One to Determine the Economic Results of the Baoshan Steel Plant?

During the early stage of the Baoshan steel plant's construction, an additional huge investment had to be made. This was caused by the lack of experience in building a modern iron and steel enterprise. At that time, it was estimated that the Baoshan steel plant would need an investment of 14 billion yuan and more than \$2 billion. It was estimated that \$4,000 would be needed for every ton of equipment and the total equipment weighed about 280,000 tons. In negotiating with Japan's Shinnitetsu (xin ri tie 2450 2480 6993) Co, personnel from the Chinese side who went to Japan for an on-the-spot investigation discovered that the weight of this set of equipment of the 1970's level far exceeded original estimates. Owing to the demands for automation, continuity and high efficiency, many pieces of technical equipment were not calculated and estimated beforehand by our side as they should have been. The total weight of the equipment actually amounted to 570,000 tons, doubling that of the original estimates. According to the international market price at that time, the per-ton equipment price had also increased to \$6,500. As a result, the Baoshan steel plant had to make an additional investment. This kind of miscalculation indeed incurred a loss to the state.

However, it should also be noted that of the total foreign exchange disbursement for the Baoshan steel plant, the plant itself accounted for 90 percent and the remaining 10 percent was used to procure conveyance systems in other areas. Of the domestic investment share, only 60 percent was used on the Baoshan steel plant itself, the remaining 40 percent being used in other construction projects. Since ours is a socialist country--unlike capitalist countries where additional projects would not be listed as investment in the steel plant itself but would have to be taken care of by the respective firms themselves--the investment in the Baoshan steel plant appeared to be enormous. In actuality, what is being built is not only a large iron and steel plant but also an iron and steel city.

The putting into operation of the first-phase project of the Baoshan steel plant signified that the state's investment in the first-phase construction had come to an end. Actually, since the state committed its budgetary estimates to this project more than 1 year ago, instead of making an additional investment, the state had saved more than 100 million yuan in investment. This was the first time in capital construction in more than 30 years in our country that we could achieve this in such a gigantic construction project.

A Big Chubby Baby Was Finally Born

After braving winds and rains for over 6 years, the first-phase project of the Baoshan steel plant finally began to produce economic results. The

Baoshan steel plant was a baby of difficult childbirth, but it was finally born after many setbacks and turned out to be a big chubby baby. However, how can we recover the state investment from this costly project? How can we correctly assess the economic results it has created?

According to the data provided by the Baoshan Iron and Steel Complex, even though the first-phase project was completed and put into operation, the economic results leave much to be desired. Our country's need for sheet steel and rolled steel is increasing continually, yet every year we still have to import these items in large quantities. The first-phase project of the Baoshan steel plant cannot satisfy this need after having been put into operation. Only after the second-phase project of the Baoshan steel plant is completed can about 3 million tons of hot-rolled and cold-rolled sheet metal and 700,000 tons of hot-rolled medium plate be provided annually. This way the annual net profit of the whole plant will show an approximate sevenfold increase as compared with the first-phase project, and we will be basically self-sufficient in the sheet metal and strip steel needed domestically. It was based precisely on this consideration that the State Council later officially approved the plan to continue the second-phase project of the Baoshan steel plant.

However, when analyzing the economic results of the first-phase project of the Baoshan steel plant, the overall role of the Baoshan steel plant must be considered. For instance, after it officially goes into operation by the end of this year, the seamless steel tubing mill of the Baoshan steel plant will provide the state 500,000 tons of various types of seamless steel tubing with a diameter under 140 mm annually, approximately half of which are petroleum pipes that currently have to be imported. While the profits gained from these several hundred thousand tons of seamless steel tubing can be calculated, it is very difficult to figure out the social-economic results produced by the seamless steel tubings once they are put to use in society. From a technical point of view, the Baoshan steel plant which has amassed the advanced technology of the 1970's level of iron and steel industries abroad, will be a "model plant" for future technical transformation of iron and steel industries in China. The entire production process, from transporting raw materials into the plant to sending finished products out of the plant, is mostly done by roller conveyers replacing railways and trucks, the layout is adequate and the transportation is economical; various major production departments use electronic computers for automatic control, the whole plant is shaped into a three-level electronic computer network giving unified command and linking units vertically and horizontally from the control center; it has also realized a high degree of automation and adopted industrial television extensively to monitor the production process. By using different kinds of advanced technology, the comprehensive energy consumption for each ton of steel is only equivalent to 0.8 ton of standard coal. As far as labor productivity is concerned, the Baoshan steel plant's per capita annual steel output is several times higher than the present advanced level in the country. The gradual popularization of different kinds of advanced technology by the Baoshan steel plant will create excellent conditions for developing the iron and steel industry in our country, thereby producing even greater social economic results.

The economic and political significance of the Baoshan steel plant project today since it was put into operation will become more evident than at the time when it was just started. As time goes by, it will become even more evident. Just as Comrade Deng Xiaoping said during his inspection at the Baoshan steel plant construction site: After a few years, the people will gradually understand more profoundly the great importance of the construction of the Baoshan Iron and Steel Complex.

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INDUSTRY

RENMIN RIBAO ON DEVELOPMENT OF AIRCRAFT INDUSTRY

OW111104 Beijing XINHUA in English 0822 GMT 11 Nov 85

[Text] Beijing, November 11 (XINHUA)--China's aircraft industry has been geared to serve the needs of economic construction, in addition to national defence, according to today's "PEOPLE'S DAILY."

Firms under the Aviation Industry Ministry will manufacture 1.5 billion yuan worth of goods for civilian use this year--a 50 percent increase over last, the paper says.

The aircraft industry has remodeled 65 plane engines into industrial gas turbines, now used to generate power for oilfields.

One is now generating 100,000 kilowatt-hours of electricity a day in Daqing, China's largest oilfield, in Heilongjiang Province.

In recent years, the aircraft industry has supplied 200 types of equipment to other sectors of the economy including light industry, textiles, petroleum, chemicals, transport and power.

It has also provided equipment and accessories for top-priority construction projects. For example, 24 installations for recovering light hydrocarbons from petroleum-associated gas are in operation.

In addition, mini-trucks, motorcycles and refrigeration equipment are among the 2,000 kinds of goods for civilian use being turned out by the aircraft industry.

The industry also helps update civilian industries by transferring technology, the daily adds.

The aircraft produced for civilian use include the "Yun-7," a 52-seat short- and medium-distance passenger plane, now in service on domestic routes.

Cargo aircraft, such as the "Yun-11" and "Yun-12," are used for farming and forestry operations, and geological prospecting. Two "Yun-8" aircraft will begin transporting cargo soon.

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INDUSTRY

BRIEFS

LARGEST GLASS PLANT GROWS--Shijiazhuang, November 14 (XINHUA)--New production facilities at China's largest glassmaking plant at Qinhuangdao, Hebei Province, will go into operation next month, an official said today. A new kiln at the Yaohua plant will have the capacity to produce 1,500,000 crates of plate glass a year, raising the factory's overall capacity to 5,100,000. Construction of the kiln began in 1982, and the whole expansion scheme cost 52.8 million yuan. Qinhuangdao is a port and a major glass-producing city. Its products are sold to more than 70 countries and regions. [Text] [Beijing XINHUA in English 1251 GMT 14 Nov 85 OW]

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CONSTRUCTION

MINISTER ANNOUNCES INCREASED RURAL HOUSING

OW091106 Beijing XINHUA in English 1047 GMT 9 Nov 85

[Text] Beijing, November 9 (XINHUA)--Chinese peasants built houses with a total floor space of 3.5 billion square meters, and public and factory buildings with a floor space of 400 million square meters in the 6 years from 1979 to 1984, more than the combined figure of the previous 30 years.

Lian Zhong, vice-minister of Urban and Rural Construction and Environmental Protection, announced this at the opening ceremony of a national exhibition on rural construction here today. Twenty-eight provinces, autonomous regions and municipalities on China's mainland except Tibet are represented at the exhibition which is scheduled to close November 30.

Lian said that rural construction in China has developed from random building to building under unified leadership and systematic planning.

By the end of June 1985, some 75 percent of the country's villages and townships had drawn up construction plans and the work is expected to be completed by the end of this year.

He said that these plans will not only make the layout of the villages and towns more rational, but save land space. About 10 percent of land will be saved than before if all the plans are implemented.

Lian pointed out that rural construction has been focused on the building of towns. As a result, a number of new-type towns have emerged, serving as the political, economic and cultural centers of their surrounding areas and as a link between the cities and agricultural areas.

Since 1982, about 5 percent of the country's 800 million peasants have moved into new houses.

At the same time, he said, considerable progress has been scored in the building of public service and production facilities. A large number of schools, shops, hospitals and recreational facilities have been set up.

The construction of the infrastructure facilities (including water supply, sewage, roads, telecommunications and power) has also been stepped up. To date, 90 percent of towns are linked by roads, he added.

However, problems such as monotony in design, and lack of a sense of style and local color still exist in rural construction, he said.

More than 7,000 people from all over the country will visit the exhibition and share experience and information.

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FOREIGN TRADE AND INVESTMENT

SINO-SOVIET TRADE RELATIONS REVIEWED

Sofia POGLED in Bulgarian 22 Jul 85 p 7

[Article by Dyanko Shishkov, Moscow correspondent]

[Excerpt] The Soviet Union and China have taken a significant step toward expanding economic ties. Evidence of this is provided by the agreements signed by the two countries with respect to trade and payments from 1986 to 1990 and the treaties for economic and trade cooperation in the construction and renovation of manufacturing plants in China. Trade between the two countries is expected to reach 12 billion rubles by 1990. As Rogachov emphasized, the two countries believe that there are further opportunities for the future expansion of trade and economic ties.

The Soviet Union will construct seven large factories in China, mainly for ferrous metallurgy and machine building, and also large electric power plants. In addition, /the USSR/ will renovate tractor and metallurgic factories that were built by the Soviet Union in the fifties. The Chinese side will not use credits but will pay with available currency. The catalogue of goods that the Soviet Union will supply to China includes heavy-duty trucks, Volga cars, Zhiguli aeroplanes, IL-86 and TU-154, and the latest models of helicopters, lathes and power units. For its part, in the next few years China will supply the Soviet Union with raw materials, non-ferrous metals, cotton, corn and light industrial goods.

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FOREIGN TRADE AND INVESTMENT

SHANGHAI'S FOREIGN TRADE DEVELOPED IN PAST 5 YEARS

OW090448 Shanghai JIEFANG RIBAO in Chinese 5 Nov 85 p 1

[Text] Shanghai has achieved new development in foreign trade during the Sixth 5-Year Plan period under the guidance of the policy to enliven the national economy and open to the outside world. The total import-export value for the period from 1981 to the end of this year is expected to exceed U.S.\$20 billion, representing an increase of more than 30 percent as compared to the Fifth 5-Year Plan period. The increase of export alone will be about 20 percent. The following are the main characteristics of Shanghai's foreign trade during the Sixth 5-Year Plan period.

Change in Structure of Export Commodities

The structure of commodities exported from Shanghai during the Sixth 5-Year Plan period has undergone a change. The percentage of agricultural and sideline products dropped while that of industrial products rose. As of now, agricultural and sideline products account for one-fourth and industrial products three-fourths of Shanghai's export commodities. The percentage of Shanghai's local products in total export has, in particular, climbed steadily, increasing from 57.8 percent in 1979 to almost 80 percent in 1984.

Broader Foreign Trade Avenues

At present, Shanghai has established trade relations with more than 160 countries and regions--a more than 10-percent increase as compared to the Fifth 5-Year Plan period--and over 18,000 customers in the world. It has not only expanded trade with its old customers but also witnessed a fairly rapid growth in trade with such developed countries as the United States, Japan, the Federal Republic of Germany [FRG], Britain, France, and Australia. Particularly in recent years, the volume of its export to the Soviet Union and East European countries has shown larger increases.

New Development in Local Cooperation for Export

In order to broaden its source of export commodities, Shanghai's foreign trade departments have developed economic cooperation with the agricultural and industrial production departments concerned in the Shanghai Economic Zone and Shanghai Municipality to develop export products. This is done in the form of joint development, operations, or import of foreign capital and technologies. More than 600 specialized production centers have been jointly established with suburban counties and farms alone. A number of export commodities production bases have been formed, producing more than 80 categories of products, including cotton cloth, cotton yarn, wool fabrics, garments, knitwear, bedding, handicraft, hardware, chemicals, drawnwork, and toys.

International Ties Constantly Strengthened

Shanghai established only isolated permanent offices abroad during the Fifth 5-Year Plan period. In the Sixth 5-Year Plan period, Shanghai has actively established trade offices abroad in order to step up economic contacts with foreign countries and expand its foreign trade. It has currently established permanent trade offices, permanent trade representatives, and jointly invested economic enterprises in the United States, FRG, Japan, Switzerland, Panama, Chile, Liberia, Togo and Ivory Coast, and the Hong Kong region.

At the same time, Shanghai has also accepted the establishment of permanent organs in Shanghai by financial circles and enterprises, foreign including Hong Kong. By now, nearly 200 institutions in more than 20 countries have established permanent offices in Shanghai. These include many well-known enterprises and banks throughout the world.

In the past few years, in addition to participating in the Guangzhou export commodity fair, Shanghai has also held trade talks every year by itself. New and old customers have been invited in groups to Shanghai for trade talks and other economic cooperation projects. Furthermore, Shanghai has been sending an increasing number of trade, sales, and study delegations or groups abroad.

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FOREIGN TRADE AND INVESTMENT

BRIEFS

GUIZHOU BOOSTS FOREIGN TRADE--During the Sixth 5-Year Plan Period, the province established trade relations with 38 countries and regions. The import/export volume totalled more than \$200 million. It is expected that this year's import/export volume for the province may total \$89 million, or 3.5 times that of 1980. The annual growth rate of the volume was 34.9 percent. [Summary] [Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 8 Nov 85]

SECRETARY TOURS SALES EXHIBITION--A sales exhibition of clothing, shoes, hats, and other new products from 16 provinces and cities has been well received by the masses since opening in Beijing. Yesterday evening Li Ximing, secretary of the municipal CPC Committee, toured the sales exhibition. Comrade Li Ximing visited all exhibition rooms and extended cordial greetings to the workers and personnel. In front of a Shanghai special clothing counter, Comrade Li Ximing was asked by a personnel what he wanted to buy. He smilingly said: I came here to learn from you. In front of the counter of the Beijing hat manufacturing plant, Comrade Li Ximing asked about the situation of products of the plant and expressed the hope that this plant will design more new hat patterns. While talking about dress material Comrade Li Ximing pointed out that efforts should be made to attend to the research on dress material. He called on the municipal textile industry to serve the clothing industry and to make arrangements for textile production in line with the needs of clothing production. Also visiting the sales exhibition yesterday evening were Standing Committee members of the municipal CPC Committee, including Li Qiyang, Zhang Mingyi, and Chen Yuan. [Excerpt] [Beijing BEIJING RIBAO in Chinese 27 Oct 85 p 1]

JILIN OVERFULFILLS EXPORT PLAN--As of 20 October, Jilin Province overfulfilled its export plan by 9 percent, an increase of 81.6 percent over the corresponding period of 1984. [Summary] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 30 Oct 85]

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TRANSPORTATION

TRANSPORTATION STRATEGY SYMPOSIUM CONVENED IN WUXI

Beijing GONGLU [HIGHWAYS] in Chinese No 7, 25 Jul 85 p 5

[Article: "Symposium on Strategy of Developing Highway and Motor Vehicle Transportation Convened in Wuxi"]

[Text] The "Symposium on Strategy of Developing Highway and Motor Vehicle Transportation" jointly called by the Ministry of Communications and the Technical and Economic Research Center of the State Council was held in Wuxi County, Jiangsu Province from 9 to 13 May 1985. Attending the symposium were more than 100 experts and representatives of the State Economic Commission, the State Scientific and Technological Commission, the Ministry of Finance, the Ministry of Commerce, the Ministry of Urban and Rural Construction and Environmental Protection, the Ministry of Machine-Building Industry, the Construction Bank of China, the Chinese Academy of Sciences, the Chinese Academy of Social Sciences, the Comprehensive Transportation Research Center of the State Economic Commission, the research center of the State Scientific and Technological Commission, the Chinese Automobile Industrial Corp, the Chinese Petrochemical General Corp and various press units, institutes of higher learning and other units under the communication system. Presiding over this symposium were Wang Zhanyi [3769 1455 1942], vice minister of communications; and Wang Huijiong [3769 1920 3518], executive director of the Technical and Economic Research Center of the State Council.

The symposium discussed extensively and penetratingly the current state of highway construction and motor vehicle transportation, the trend of development and strategic tentative plans, the reform of the management system, technical and economic policies, channels and sources of investment, equipment and materials and the direction of their use, measures governing the training of personnel and technical progress and other issues.

The representatives reviewed the history of development of highway and motor vehicle transportation since the founding of new China. They held that in the process of highway development, as a result of the influence of a certain modality and "leftist" interference, highway construction and motor vehicle transportation had lagged behind national economic development instead of advancing, thereby becoming a weak link in national economic development.

The representatives were of the opinion that in order for highway construction and motor vehicle transportation to cope with the need of the strategic target

of quadrupling the gross value of annual industrial and agricultural production in the national economy we should establish a comprehensive transportation system in compliance with Premier Zhao's suggestion; the various forms of transportation should each give full play to its advantages, engage in division of labor and develop in a coordinated manner. In highway construction, it is necessary to change the simple thinking of the past that highways should radiate outward from the national capital, provincial capitals and other administrative centers. Planning should be carried out by establishing the guiding ideology that economic zones should be established as the center and that highways should radiate from various major port cities along the coast toward the hinterland. In the meantime, we must raise the technical classification of existing highways by relying on technical progress and transformation, improve and elevate the load-bearing capacity of the road surface and perfect the facilities of the various communication projects, expand the passage capacity of highways and develop the maximum economic results on various lines.

The representative also expressed the view that under the concern and support of leading comrades at the central level and the State Council, the policies for highway construction have been further clearly defined and that highway construction will progress faster after the source of construction funds is resolved. At the moment, we should pay more attention to developing motor vehicle transportation. The policy of rallying state, collective and individual enterprises and various departments, professions and trades and areas to work together in developing motor vehicle transportation should be implemented consistently so as to put the positive factors of all sectors into play. We must at the same time give full play to the backbone role of vehicles engaged in specialized transportation and make efforts to help ease the excessive tax burden being borne by enterprises engaged in specialized transportation at present; we must also greatly increase the number of passenger cars and equip and transform the old enterprises with various types of specialized vehicles, such as heavy-tonnage diesel trucks of high efficiency and lower fuel consumption and containerized trailers, so that the various types of transport vehicles can put their advantages into play to further advance motor vehicle transportation in our country.

The representatives also discussed highway construction and the strategic target of motor vehicle transportation and the highlights of highway communication embodied in the Seventh 5-Year Plan by expressing their own views.

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TRANSPORTATION

TRANSPORTATION STRUCTURE KEY TO ROAD TRANSPORT DEVELOPMENT

Beijing GONGLU [HIGHWAYS] in Chinese No 7, 25 Jul 85 pp 1-4

[Article by Wang Zhanyi [3769 1455 1942]: "Readjust Transportation Structure, Develop Highways Transportation"]

[Text] The highway transportation issue in our country has attracted the attention of all quarters in recent years. Comrades at the central level have specifically advocated readjusting the transportation structure, accelerating highway construction and developing motor transportation. Under these circumstances, how to raise understanding, unify thinking, implement the various policies and measures laid down by the central authorities in a practical manner and push highway transportation forward has become a glorious task confronting the highway transportation front. I wish to express my personal views on the following several issues:

I. The Position and Role of Highway Transportation in the National Economy

Modern communications and transportation include mainly five forms of transportation: railways, highways, waterway transport, air transport and pipelines. They supplement each other and possess their own characteristics and advantages. In order for a country like ours with vast territory and a huge population to properly solve the communications and transportation issue and satisfy the needs of national economic development and steadily elevate the people's living standards, it will not work to depend only on a certain form of transportation, we must make overall arrangements and planning for the five forms of transportation so as to coordinate and develop them in a harmonious manner, give full play to their own characteristics and advantages and form a transportation system that radiates in all directions across the country and is rational and economical.

Judging from the history of development of communication and transportation, of the several forms of transportation, waterway transportation has the longest history, next comes railway transportation, while automobiles have a history of less than 100 years. However, because highway construction requires less investment and time and motor vehicles are something that various departments, units and even individuals can purchase, highway transportation is more flexible and mobile, the turnover is fast and more adaptable. A motor vehicle can go through streets and lanes, enter mountainous areas, factories and fields and deliver goods and materials directly to warehouses,

shops, industrial and mining enterprises and to the fields in the countryside. The motor vehicle is also an essential means of assembling and distributing goods and materials and personnel at ports, airfields and railway stations. For this reason, as a new force suddenly coming to the fore, it is developing very rapidly. This is particularly true after World War II, when the proportion of highway transportation in the various forms of transportation grew bigger and bigger, becoming an up-and-coming competitor in the comprehensive transportation system in various countries. In the industrially developed countries at present, the freight volume by means of highway transportation in general accounts for more than 60 percent of the total transport volume in society and passenger transportation volume on highways has reached 80 percent. Visiting these countries, people are impressed by the crisscross highways and the endlessly long lines of motor vehicles. Motor vehicles have permeated through various sectors of social life in these countries, influencing production, circulation, distribution, consumption and other links. Modernized highway transportation has not only enlarged the scope of people's activities and saved time in the circulation of goods and materials and people's travel but also opened broad vistas for developing iron and steel, machine-building, rubber and power industries. Many new technologies, such as robots, are being used by more and more automobile industries. For this reason, in the last 30 years or so, various countries have energetically engaged in highway construction and the development of motorized transportation. While some countries with little land space and lacking water resources can do without railways and waterway transportation, highways and motor vehicles are nevertheless essential to each and every one of them. The state of highway transportation has now become one of the hallmarks by which to measure a country's economic level and its national defense capabilities.

II. The Economic Effectiveness and Social Effectiveness of Highway Transportation

Why is it that highway transportation has been developing exceptionally rapidly in recent decades? This is principally determined by its own economic results. In the past, men cherished the notion that railway and waterway transportation could handle more volume and transportation cost was low. However, with the improvement of the standard and quality of highways and the performance of motor vehicles, this situation has changed or is changing, particularly in short-distance transportation where the change is more evident. For instance, the driving speed for motor vehicles on expressways now reaches 120 km making it possible to complete a 1,000-km journey from dawn to dusk. Heavy-tonnage motor vehicles can each carry from more than 10 tons to scores of tons of cargo and an expressway can handle from several to more than 10,000 vehicles day and night. It can transport as many as 100 million tons of goods and materials annually and its transport capacity has exceeded that of an ordinary double-track railway. In countries where highway transportation is more developed, with the exception of mineral ores, coal, petroleum, grain and other materials, other cargo within the transportation range of 500 km is being carried by means of the main highways at a faster and more economical rate. As to perishable goods and high-grade commodities, the economical transport distance in highway transportation now is about 1,000 km.

Since the standard and quality of highways in our country are low and the technical performance of most of vehicles is comparatively poor, for longer distance transportation of goods and materials, particularly involving the transportation of goods and materials in large quantities, it is cheaper to ship them by means of railways and waterway transportation wherever railways and waterways are available. However, most of goods and materials to be transported within a distance of about 100 km can be delivered faster and more economically by means of highway transportation. Since the price for short-distance railway transportation was readjusted this year, the passenger-km fare for regular trains has been raised to 0.24 yuan and the fare for express trains will be raised further, which is to the advantage of highway transportation within a radius of 160 km. In cargo transportation, as far as the per-ton km transport cost within a distance of 100 km is concerned, railway transportation is close to 0.10 yuan. If there are no special lines on both ends and motor vehicles have to be used to link up the transportation, it is also more convenient and economical to use motor vehicle transportation. On the other hand, for cargo transportation of perishable goods, such as fruits and vegetables and other goods and materials in small quantities, the economical transportation distance by motor vehicles is about 800 km. For instance, in transporting apples from Yantai Prefecture to Beijing the distance in general is about 800 km, to deliver the apples from the orchard to the shops by means of railway transportation, it will have to go through the process of three or four loadings and unloadings and the delivery will generally take more than 10 days, whereas it can be done by motor vehicle transportation in 2 or 3 days. Although the unit transportation cost by highways is higher than that of railways, in overall accounting, it is more economical to use motor vehicle transportation than railway transportation since the loading and unloading links are reduced, the transport time is shortened and damage to fruits is minimized. According to an actual spot check by the Beijing city fruit products company in 1981, it is calculated that by using motor vehicle transportation instead of railway transportation, it earned 187 yuan more in handling each ton of Yantai apples. For this reason, motor vehicles have been used to ship apples from Yantai and garlic from Henan to Beijing in recent years. In 1983, I conducted an investigation on express transportation of goods and materials in small quantities and found that highway transport cost was lower than that of railways within a transportation distance of about 800 km. For instance, the transportation distance between Beijing and Shenyang is 841 km, the transport cost per 100 kg by highway is only a little more than 19 yuan but by railway, the cost amounts to 31 yuan. Owing to our neglect of highway transportation over a long time, the poor conditions of the highways and the very small number of heavy-tonnage motor vehicles, some of the cargo and passengers that should be transported by highways still are mostly relying on railways at present in areas where railways are available. This is one of the causes of the strain on railway transportation, the piling up of goods and materials at harbors, clogged commodity circulation and hardship experienced by passengers trying to catch a ride. To readjust the transportation structure, it is necessary to adhere to the principle of using whichever among railways, highways, waterways and air transport is most suitable and shift the transportation of goods and materials that should be handled by and suitable to highway transportation over to highways.

Highway transportation is of vital significance in promoting rural economic development. Because there is always a certain limit in the distribution of other forms of transportation, it is impossible for all counties and rural areas across the country to be accessible to railways, waterway transportation and regular civil air transport flights; however, it is easier to link counties and rural areas by motor vehicles. A host of facts has demonstrated that places opened to motor vehicles often become prosperous very rapidly. Transporting local agricultural products and industrial and sideline products into the cities by means of motor vehicles will not only increase the income of peasants, but also enrich supply in the cities. For instance, the Taiheng and Yanshan mountainous areas produce large quantities of walnuts, haws and persimmons, but due to the lack of transport facilities in the past, they were sold from several jiaos to 0.10 yuan per jin locally whereas they were not available in the cities even though the price was several times higher. With the development of highway transportation in recent years, this situation has changed. For example, Yuankang Village in Lin County of Henan produces a haw in abundance ordinarily known as "north Henan red." With the improvement in communication and transportation, the local income from haws alone has increased to 6 million yuan annually, a more than fourfold increase over the period before highways were opened to traffic. Another example is that Jindongnan and Yanbei prefectures in Shanxi are very rich in coal resources and in the past the coal produced locally by large coal pits was sold at 10 yuan per ton. Restricted by poor transport facilities, most of the coal could not be shipped out and coal production was determined by the amount of coal that the transport facilities could handle. However, with the improvement of communication and transportation conditions in recent years after the local people's government organized the people to build highways; coal output has also increased markedly, thereby solving the hardships experienced by small towns in getting some of the coal for production and daily use and also increasing the income of local peasants. For example, in 1978 Pinglu County was a well-known poor county where peasant per capita income amounted to only 20 yuan. Since 1982, in compliance with premier Zhao's instructions, they have built rural and small town coal mines in a big way, constructed highways energetically and developed motor transportation, and by 1984 their per capita income jumped to 509 yuan, a more than 25-fold increase over 1978. Although some prefectures do not have much native and specialty products, if they have good highway transport service, they can develop livestock raising and vegetable planting and even excavate sand and rock as one of the ways to get rich. If these places are inaccessible, hogs and vegetables cannot be shipped out in a timely manner, the economic results will be insignificant and the sands and rock will not be worth much. Why is it that the economic development and people's living standards are higher in rural areas close to cities? One of the reasons is that they have more convenient communication and transportation facilities and maintain contacts with the cities. In short, as far as the vast countryside and the mountainous areas are concerned, the economy there will be invigorated as soon as the highways are opened to traffic and shops, hotels, warehouses and restaurants will develop vigorously along the highways. In this day when the commodity economy is developing daily, a highway transportation line can also lift the economy in vast areas. Consequently, many prefectures have put forth the slogans that "to get rich, roads must be built first" and that "with highways opening to

traffic, all trades will prosper." This is the reason. Highway transportation is also playing an important role in promoting the development of local cultural, educational, public health and medical services.

III. The Present State of Highway Transportation in Our Country and Tentative Future Plans

Much progress has been made in our highway transportation since the founding of new China. A comparison between 1984 and 1949 shows that the highway mileage opened to traffic had increased 10.5-fold. However since most of the existing highways were built by the local people and subsidized by the state and with civilian workers pitching in work, their standards and quality are generally low. More than 80 percent do not meet the standards set for Class III highways. As a result, the highway passage capacity is poor and the driving speed for motor vehicles is slow, average speed on the main highways being only 30 km per hour. The traffic volume of any highway main lines has exceeded the designed capacity by many times over. For example, the maximum passage capacity for a section of the Class III mountainous highway near Jiuguan between Yangquan and Shijiazhuang was 2,000 vehicles per 24-hour period, now it has reached about 10,000 vehicles on various occasions and as high as 15,000 vehicles at times, causing frequent traffic jams. Between January and November 1984, traffic was held up for over half an hour on 173 occasions blocking more than 138,0900 vehicles and incurring a loss of nearly 20 million yuan annually as a result of traffic congestion. A similar situation also existed in individual sections in other areas. In the light of highway transport volume in 1984, if highway conditions are improved to raise average driving speed from 30 km to 40 km per hour, raise transport efficiency by one-fourth and lower cost by 20 percent, then about 4.5 billion yuan in transportation cost can be saved annually. It goes without saying that for the whole country to attain this goal, it will require a longer process, but we can start with the main highways first. At present 250,000 km of the state-and provincial-level main highways are taking care of 78 percent of the motor traffic volume throughout the country. It is entirely possible to improve and elevate the principal main highways by stages by concentrating our efforts for about 10 years. Therefore, in considering the issue of developing highway transportation, we have to think about coping with the needs of national economic development and also focus attention on improving economic results.

With regard to the rate of developing highway transportation under the Seventh 5-Year Plan, most comrades hold that the rate should be slightly higher than that of national economic development, with historical statistical data also substantiating this point. Only by so doing can we ease the strain on highway transportation somewhat after 1990 and shift the portion of short-distance transportation now being undertaken by railways over to the highways. To realize this goal, we must strengthen highway construction, repair unusable sections in the main highways by stages and reconstruct those highways handling a 24-hour traffic volume of close to or over 2,000 vehicles at times to Class II highways; reconstruct those highways having a 24-hour traffic volume close to or over 5,000 vehicles at times into Class I highways; in areas where the daily traffic volume at times will soon reach or surpass

10,000 vehicles by 1990, a few expressways or special highways for use by motor vehicles may be built based on investment possibilities. In the meantime, county and village highways should be built energetically so as to gradually resolve the issue of poor transportation facilities in old revolutionary bases, areas inhabited by national minorities, border regions and mountainous areas. According to preliminary plans, 60,000 km of new highways will be built during the Seventh 5-Year Plan period and the total highway mileage will reach 1 million km by 1990, out of which, 2,000 km (1,600 of which newly built) will be Class I highways and expressways, more than 30,000 km (10,000 of which newly built) will be Class II highways and 200,000 km (70,000 newly built) Class III highways [all figures as published]. The total annual cargo transportation volume on highways is expected to reach from 6.5 billion to 7 billion tons and the annual long-distance passenger transportation volume by buses on highways is expected to reach 7 billion. We should strive to overfulfill this range of increase which is still slightly lower than the growth of total industrial and agricultural output value in the last 2 years.

IV. Several Problems Should Be Solved Properly in Developing Highway and Motorized Transportation

1. It is imperative to understand the necessity and urgency of accelerating the development of highway transportation and truly placing highway transportation in the key strategic position. Leading comrades at the central level have now attached great importance to this issue, last year the State Council called a special meeting to discuss it and laid down several important policies and measures, such as a levy surcharge for automobile purchases as a source of funds for highway construction; adequately raising the standards for road toll to be collected; reiterating the policy for highway construction and maintenance with road construction being done by the people and subsidized by the state and with civilian workers pitching in; adequately increasing investment for future highway construction; expressways, independent bridges and highway tunnels built with loans and money raised may each collect tolls separately; and so forth. Guangdong, Sichuan and Liaoning provinces have also adopted corresponding measures based on actual conditions in respective areas, such as by investing more in localities for highway construction and arranging to make maximum use of the portion of energy and communication funds retained in excess of the prescribed amount for highway construction....However, some areas and departments have not paid sufficient attention to this issue or have failed to carry out specific plans even though they claimed to have attached importance to it. We must take the initiative to report and publicize the current state of affairs so as to make departments concerned understand the serious existing problems in highway transportation and their adverse effects on national economic development so that they will enhance their sense of responsibility and urgency. Achieving a common understanding of this point, we can mobilize the positive factors of all quarters, find more ways to solve the problems of funding and supply of materials and accelerate the place of developing highway and motor vehicle transportation by a wide margin.

2. It is necessary to plan well. Our country's highways are small in number and their quality is low. It requires efforts over a relatively long period

of time to change this situation and we cannot "accomplish the whole task at one stroke." Therefore, in building new highways or reconstructing highways, we must conduct thorough investigation and study so as to get a clear picture of the traffic volume on the existing highways, the state of traffic flow and congestion and the trends of development in the future before drawing up plans, deciding on the time for construction and adopting technical standards based on needs and possibilities. In making specific arrangements, it is necessary to carry out the work in order of importance and urgency by making sure of funding and the availability of materials and start the urgent projects first and act according to one's capability. Efforts should be made to start one and finish one so as to give full scope to economic results.

While expressways have tremendous passage capacity and high economic results, the investment is also enormous. We must pay attention to the role of expressways in modernizing communications and transportation and selectively build several expressways in a planned manner in economically developed areas where the traffic volume is large so as to gain experience. However, based on the number of motor vehicles and the economic level in our country at present, conditions for building expressways are still lacking in most areas at the moment. Thus, in drawing up plans, we must assume an attitude of seeking truth from facts.

3. The problem of funding and materials in highway construction must be solved through multiple channels. The task of highway construction is extremely arduous, requiring more funds and materials; except for the portion supplied by the state, the rest has to be arranged by various provinces, municipalities and autonomous regions instead of totally relying on the state. Communication departments at all levels should give full play to the inherent potentials through reform, continue to carry forward the spirit of self-reliance and arduous struggle, surmount difficulties by every possible means and endeavor to do the work well. With regard to cement and rolled steel, besides the amount made available by the state and local plans, cement factories may be set up by departments concerned themselves to solve the supply in part and with the other part to be solved by investing in the cement factories and steel plants of other departments for purchasing their production capability; all the rest has to be solved by relying on market regulation. While the supply of asphalt is mainly dependent on production by departments of petroleum and chemical industries, we must do a good job in preparing for transportation and storage. In addition, we must energetically explore the possibility of using other materials for paving road surfaces.

4. Forces from all sides should be mobilized to develop highway transportation. The leading party group of the Ministry of Communications put forth a slogan the year before last: "Building roads for everyone to drive a vehicle" and insisted that various departments, areas, professions and trades, the state and collectives and individuals should pitch in. Practice has demonstrated that this policy is a correct one and we should carry it out consistently. Communication departments at all levels should play well their role as the government functional organizations and do a good job in planning, coordination, traffic control, technical guidance and training of personnel as well as in supervision and inspection. They should at the same

time put a firm hold on building backbone enterprises and important yards and stations on the main highways; they should strive to create conditions and accelerate the development of highway passenger transportation, regular transportation of cargo in small quantities and containerized transportation. In the meantime, it is suggested that departments of the automobile industry should produce and supply more 8-to 12-ton diesel trucks and supply more chassis for certain passenger cars. Funding for vehicle purchasing should be solved mainly by means of loans. After delivering tax for profit, transportation enterprises will all retain a certain amount of profits. Since the state decided to shorten the depreciable life of motor vehicles this year, the depreciation expenses to be drawn are expected to increase to some degree as compared with the past. Enterprises should actively use their own funds to replace old vehicles, increase the number of heavy-tonnage trucks of excellent technical performance, expand productive capacity and raise economic results. They should also improve the highways and run the transportation enterprises of the communication departments efficiently; on the other hand, they should fully mobilize the enthusiasm of all quarters for running motor vehicle transportation so as to opening broad avenues for highway transportation.

5. Personnel training should be strengthened to promote technical progress. The cadres of highway and motor vehicle transportation departments and various types of technical cadres across the country at present account for only 4.7 percent of the total number of workers and staff members. Many county-level highway departments and motor vehicle transportation departments still do not have engineers and accountants, thus seriously affecting any improvement in the management level. If this problem is not solved, it will be hard to improve work and raise economic results even if money and materials are available. We should pay special attention to this problem. During the Seventh 5-Year Plan period, we should adequately increase funding for scientific research and education, expand and build some institutes for higher learning and technical secondary schools in the field of highway communications and enlarge the capacity of enrolling new students. Communication departments at all levels should train personnel on active duty through television universities, correspondence schools, night schools, training classes and other forms so as to raise the quality of personnel continually. They should at the same time put in more scientific research, survey and mapping and detection and monitoring equipment, actively study the use of new technology, new technical processes and new materials so as to continually improve the designing, construction and transportation management level, achieve efficiency and effectiveness by dint of science and technology and do more things with limited funds.

In short, we should realize the arduous tasks and existing difficulties confronting highway and motor vehicle transportation and also discern the favorable conditions at present and strengthen our confidence. Under the leadership of the governments at all levels and with the support and coordination of all departments concerned, so long as we carry forward the spirit of arduous struggle and building our country with diligence and thrift, work hard and conscientiously, avoid empty talk and do more practical work, we can certainly push highway transportation forward and make still greater contributions toward the national economic development.

TRANSPORTATION

ECONOMIC DAILY PREDICTS TRANSPORTATION'S FUTURE

OW091028 Beijing XINHUA in English 0951 GMT 9 Nov 85

[Text] Beijing, November 9 (XINHUA)--China's passenger volume will increase 4.3-4.9 times by 2000, compared to 1980, and freight, 1.9-2.1 times, according to a paper carried by today's "ECONOMIC DAILY."

The paper is based on a 2-year research program backed by four units of the State Council and the Chinese Academy of Social Sciences.

To best meet the needs of the national economy and social development by the turn of the century, the paper says, China needs to build 30,000-40,000 km of railway lines so as to bring the total length to 80,000-90,000 km, with 25-30 percent double-tracked.

Highways will extend to 1.5-2 million km, with 100,000 km as first and second class by Chinese standards.

China's sea ports will have 1,000 berths including 700 deep-water ones. About 10,000 km is expected for inland water transport.

All these will need a total investment of 500 billion yuan, says the paper which also offers other alternatives with lower targets.

The paper suggests that investment in transport facilities should account for 17-18 percent of the total state investment by the target year.

To raise more funds for construction of transport facilities, tolls should be increased on existing roads and new tolls should be charged for quality highways and major bridges. Stocks and bonds can be issued for construction of the projects that could yield profits.

The country also welcomes foreigners and overseas Chinese to invest in transport facilities.

Transport and communications enterprises are expected to streamline their equipment and management, and through traffic, containerizing and refrigerating facilities should be expanded, the paper suggests.

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CSO: 4020/88

TRANSPORTATION

COMPUTERIZED TRAFFIC CONTROL SYSTEM IN BEIJING

OW121112 Beijing XINHUA in English 0722 CMT 12 Nov 85

[Text] Beijing, November 12 (XINHUA)--Bottle-necked traffic in a busy Beijing district, Haidian, will not have to wait at major crossings more than 30 seconds when a computer controlled system goes into operation, according to the system developer.

Haidian District, which has narrow roads, is the location of dozens of universities and scientific research institutes and link between downtown Beijing and the summer palace and the fragrant hill park in the northwest suburbs, as well as a main entry route for vegetable and other distant truck traffic.

The new system will facilitate traffic at 22 important crossings in a 100-square-kilometer area.

Construction of the 450,000-yuan system, jointly developed by the Shenyang Institute of Automation and the Beijing Syntone Advanced Computer Technology Company, is to start soon and go into operation in September 1986.

It will be equipped with data-collecting, digital analogue and interface processing techniques. The system will include a central control room, micro-processors and sensors, as well as applied software for traffic flow statistics and prediction.

At a ceremony turning over the system to the district on Monday, Feng Mingwei, vice-mayor of Beijing, said that the capital now has more than 300,000 motor vehicles and 5.4 million bicycles. There are frequent traffic delays at 60 road crossings in the city. Vehicles sometimes have to wait 20 minutes, he said.

The system to be introduced in the heavily congested Haidian District, he said, would ease traffic jams, reduce traffic accidents and improve safety.

The Shenyang Institute of Automation and the syntone company installed a similar system at three crossings in Dalian City, Liaoning Province, northeast China, in October 1983. This reduced the waiting time for vehicles at the crossings to 10 seconds.

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TRANSPORTATION

BRIEFS

WUHAN-FUZHOU AIR ROUTE--There will be a new civil flight service from Wuhan, Hubei, to Fuzhou, Fujian, beginning 16 November. The service, with a stopover in Nanchang, Jiangxi, is scheduled twice a week, on Tuesday and Saturday. A test flight on this new route was made successfully on 22 October. [Summary] [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 22 Oct 85 OW]

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HONG KONG MEDIA ON CHINA

CHINA'S THREE MAJOR DEVELOPING INDUSTRIES DESCRIBED

Hong Kong JINGJI BAODAO [ECONOMIC REPORTER] in Chinese No 38-39, 1 Oct 85
pp 28-29

[Article by Chen Zeping [7115 0463 1627]: "China's Three Major Developing Industries"]

[Text] The Orient's New Iron and Steel Giant

The most recent statistics for the end of 1984 show that China produces 118,000 tons of steel a day, which is more in 32 hours than in the whole year of 1949 (155,000 tons) and more in 8 days than the highest pre-1950's annual output of 923,000 tons in 1943. Her 1984 steel output of over 43.3 million tons is lower than only that of the Soviet Union, Japan and the United States and ranks 4th in the world. China has become a towering new iron and steel giant in the Orient.

Except for Xizang, all provinces and autonomous regions throughout China can now produce iron and steel. There are over 1,200 iron and steel enterprises throughout China, 13 of which located at Anshan, Wuhan, Baotou, Ma'anshan, Beijing, Taiyuan, Benxi, Panzhihua, Tangshan, Shanghai (3 mills) and Tianjin are major enterprises which produce over 1 million tons of steel a year. China also has 10 independent mills which produce special-purpose steel.

Anshan Steel occupies a decisive position among iron and steel enterprises throughout China. This is because there are very abundant iron ore resources surrounding it. Some dozen mountains there have total iron ore reserves of over 8.1 billion tons, which will take over 200 years to extract at the present production rate. Moreover, there are also abundant steelmaking coal resources in the vicinity of Anshan such as the large coalfields at Fushun, Benxi, Fuxin and Beipiao.

During the 35 years beginning in 1949, Anshan Steel produced 145 million tons of steel, 141 million tons of iron and 86 million tons of steel products, or approximately one-quarter of China's total output. With 56 production mills, 3 major scientific research units and 29 business units and institutions,

Anshan Steel is now one of China's major iron and steel bases. It produces 7 million tons each of iron and steel and 5 million tons of steel products a year.

Since 1953, China has built hundreds of iron and steel enterprises one after another, such as Wuhan Steel, Baotou Steel, Panzhihua Steel and the Shanghai No 5 Steelmill. For instance, the Panzhihua Iron and Steel, which began to produce steel in 1970, now has seven mills, such as vanadium steel refining mills and ironworks, and has become a completely modern iron and steel enterprise. Another large-scale iron and steel mill which is now just being built, the Baoshan General Iron and Steel Mill, is located in Baoshan County on the northern outskirts of Shanghai. This is an iron and steel mill with 1980's standards. After it is finished in 1990, it will be able to produce 6.5 million tons of iron, 6.57 million tons of steel and 4.22 million tons of steel products a year. When the first stage of the project was finished and put into operation in September 1985, it could produce 3 million tons of iron, 3.12 million tons of steel and 500,000 tons of steel products a year.

The Abruptly Rising Automobile Industry

China's automobile industry began on 13 July 1956, at which time the Changchun No 1 Automobile Plant came into being. This automobile plant was built with the assistance of the Soviet Union. At first, it could only produce 30,000 motor vehicles a year, had only one Liberation brand automobile product and many of its steel products had to be imported. Through steady improvements by scientists, technicians and workers throughout the plant, it can now produce over 70,000 motor vehicles a year, which come in 15 different models in 4 series such as trucks, cross-country vehicles and high-quality buses and sedans. By 26 February 1983, the Changchun No 1 Automobile Plant had produced fully 1 million motor vehicles, or half of those produced by China.

In addition to the No 1 Automobile Plant, China has now also built, one after another, 37 automobile manufacturing plants, such as the No 2 Automobile Plant, the Nanjing Automobile Plant, the Beijing Automobile Plant, the Jinan Automobile Plant, the Sichuan Automobile Plant and the Shanghai Automobile Plant. China has taken the first steps to create a fairly large-scale automobile manufacturing industrial system combining large, medium and small vehicles. It can make 82 varieties in 6 major classes, such as trucks, cross-country vehicles, dump trucks, tractors, large buses (including tourist vehicles) and sedans and also over 200 varieties in 10 major classes of specially equipped vehicles.

In May 1982, China established the China National Automotive Industry Corp in order to enable automobile industry development to enter a new period. It has transformed 137 small but complete automobile plants into 37 specialized automobile plants needed by major modern industries and organized them into the following 7 corporations: The Liberation Corp and the East Wind Corp, which specialize in medium-sized vehicles; the Jinan Automobile Corp, which specializes in heavy-duty trucks; the Nanjing Automobile Corp, which specializes in light-duty trucks; the Beijing-Tianjin-Hebei Corp, which specializes in minicars and light-duty trucks; the Automobile Refitting Corp, and the Shanghai Automotive and Tractor Industries Corp, which specialize in buses and sedans.

Over the past few years, the China National Automotive Industry Corp has also actively developed foreign technology cooperation and imported advanced overseas technology. Since the end of 1983, it has imported heavy-duty truck system technology from Austria, engaged in a joint venture with the United States to produce jeeps, cooperated with West Germany to produce the Shanghai-Santana sedan, and bought minicar technology from Japan. Moreover, China's automobiles have also begun to be driven throughout the world, with the amount of her automobile exports for the first half of 1984 having reached \$10.97 million.

In 1984, China was able to produce over 300,000 motor vehicles. Of the 3 million civilian motor vehicles now in use in all areas throughout China, 2.3 million were produced by China herself. Guangdong Province has the most motor vehicles of any province in China, with 130,000 trucks and 32,000 jeeps and sedans.

Concerned departments have predicted that by the end of the century, China will need 13 million motor vehicles of all kinds, including 2 million buses of all kinds, 7 million trucks, 2 million special-purpose vehicles and 2 million automobiles to be used in other departments. By the end of the century, China will be able to produce 1 million motor vehicles a year, but the rest will still have to be imported in large numbers.

The Complete Category Machine-Building Industry

China's machine tool industry has become an industrial system with a complete structure and an enormous production capacity. There are now over 300 plants throughout China which specialize in producing over 1,600 varieties of machine tools. China's machine tool industry is developing in the direction of high precision, heavy-duty, automation and high efficiency.

Agricultural machinery and machine too industrial developments are only two aspects of China's machine-building industry. In addition, there have been major developments in 10 major categories of the engineering industry such as heavy-duty mining machinery; petrochemical machinery; universal machinery; electrical equipment, electric products and complete sets of electric power equipment; instruments and meters and complete sets of automatic installations; machine tools and implements; bearings; universal foundation pieces; automobiles; and packing and food-processing machinery. Throughout China, over 10,000 machine plants, over 150 research institutes, 21 colleges and universities, over 200,00 engineering technicians and over 5 million staff members and workers can now produce over 31,000 kinds of mechanical products and the gross output value of the engineering industry for the first half of 1984 reached 28.044 billion yuan.

China's mechanical equipment was exported abroad as early as the 1950's. Certain of her small and medium-sized complete sets of equipment have been sold in over 120 countries and regions throughout the world. Since 1983, her electric generating equipment sets, providing 210,000 Kw of electricity, have been exported. Her machine tool industry products have been exported to over 70 countries and regions. Trade marks 655 of her products have been registered both in China and abroad. In 1978, China established the Mechanical Equipment Import and Export Corp. It has branch companies in 28 provinces,

municipalities and autonomous regions in China, over 300 agencies abroad and resident organizations and accredited representatives in 21 countries and regions.

Over the past few years, the growth rate of China's complete sets of equipment exports has been 30 to 40 percent. Of these, complete sets of equipment, such as hydroelectric stations combustion generating stations, power transmission stations and substations, refrigeration equipment, oxygen manufacturing stations, sugar refineries, electrical machinery plants, bearing plants and steel rolling mills, have been exported to over 30 countries and regions such as the United States and Canada.

China has conducted "Small and Medium-Sized Agricultural Machinery and Implement Manufacturing Technology" and "Diesel Engine Maintenance and Use" training classes for the UN Industrial Development Organization and trained technicians for dozens of developing countries, such as the Philippines, Nepal, Pakistan, India and Egypt, raising the technical standards of these countries.

During the 20-some years since China's first large tractor plant was officially put into operation in Luoyang in 1958, the Luoyang Tractor Plant has produced over 320,000 tractors. There are now 32 large and medium-sized tractor plants throughout China which can produce almost 200,000 tractors a year.

In addition to tractors, China also produces agricultural machinery and implements such as reapers, small hydroelectric equipment, food-oil-processing machines, agricultural pumps, rice transplanters and irrigation and drainage machinery, which have all been welcomed by users on international markets.

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HONG KONG MEDIA ON CHINA

BAOSHAN STEEL SETS NEW LEVEL FOR CHINA

Hong Kong JINGJI BAODAO [ECONOMIC REPORTER] in Chinese No 38-39, 1 Oct 85 p 31

[Article: "Baoshan Steel, Sign of New level in China's Iron and Steel Industry"]

[Text] Shanghai's Baoshan Iron and Steel Corp, a developing iron city of approximately 12 sq km which is now rising on the banks of the Chiang Jiang, shows that China's iron and steel industry production has reached a new level.

The Baoshan Steel construction project is being carried out in two stages. The first stage of the project, which was begun officially on 23 December 1978, has now been basically finished and the No 1 blast furnace was lit and put into operations on 15 September 1985.

Over the past few years, tens of thousands of construction workers have been engaged in a valiant struggle to build Baoshan Steel. They have driven over 130,000 long piles of all types, poured over 1.7 million cu m of concrete, laid over 140,000 tons of fireproof material, erected nearly 140,000 tons of steel factory building structures and installed 360,000 tons of imported equipment. Moreover, they have also begun to build over 600,000 sq m of civilian buildings and municipal facilities such as schools, hospitals, residences and commercial network points on an unprecedented scale.

Built with advanced overseas iron and steel industry technology of the 1970's, Baoshan Steel is China's first large-scale joint iron and steel venture which may be rated as modern. Its level of modernization is shown mainly in the following areas.

1. It uses extensive large-scale, high-efficiency production equipment. Baoshan Steel will build 2 blast furnaces (The No 1 blast furnace is finished) with a volume of 4,063 cu m, each of which will produce almost 10,000 tons of iron a day. They will be 1,500 cu m larger than the Anshan No 7 blast furnace, which is now China's largest. Japan's Xinri Iron Co designed and provided the equipment, materials and patent for Baoshan Steel's No 1 blast furnace. Using the two blast furnaces at Japan's Chunjin and Dafen iron and steel mills as its prototype, it was built with certain recent accomplishments of contemporary blast furnace production technology.

The steel mill has three 300-ton top-blown oxygen converters (now completely finished), whose production has attained a high degree of mechanization and automation and whose shops have molten iron desulphurization and RH vacuum treatment units.

The sintering mill will have two 450-sq-m sintering machines (1 is finished), which will produce a total of 9.8 million tons of sintered ore a year. Only a few countries now have sintering machines as big as this.

The coking mill will have 4 large-volume coking furnaces (2 are finished), each of which will have 100-hole-high 6-m carbonization rooms, and the coke oven models will be of advanced world standards. The coking mill will also have a set of coking machinery with fairly high standards.

The primary rolling mill will have 1,300 mm large-scale primary rolling mills and a set of 6 VH-type continuous rolling mills, which will be able to roll 3.44 million tons of steel ingots a year. The continuous hot-rolling mill will use 2,050 mm rolling mills with an annual production capacity of 4 million tons. The continuous cold-rolling mill will use the latest headless rolling mill with an annual production capacity of 2.1 million tons. The seamless steel tubing mill will use 140 mm continuous mills with an annual production capacity of 500,000 tons.

2. It uses a lot of advanced technology and advanced technological processes. Baoshan Steel's general plan is to use a single-line type and rational technological processes. From bringing raw materials into the mill to taking finished products out, conveyer belt machinery is used in place of railway transportation for most processes. Throughout the mill, there are only 52 km of railways (Anshan Steel has 700 km), and water transportation outside of the mill accounts for 85 percent of its total transportation.

Baoshan Steel has a modern 83-ha raw materials mill. Its mixing and leveling technology is advanced and keeps the positive-negative deviation of iron fluctuation under 0.2 percent.

The coking mill has used new coal preheating technology, which can use more coking coal with less cohesiveness and raise output over 30 percent. Moreover, it has used new technology to dry and extinguish burning, which uses surplus heat to produce steam and can save 500,000 tons of coal a year.

The blast furnaces have used new technology, such as air blasts to remove humidity, superhigh pressure furnace tops and oxygen-enriched synthetic spray, which can reduce the coke ration to approximately 430 kg and also use surplus furnace top pressure to generate electricity.

The steelmaking converters have used electronic computers for automatic control of molten steel temperature and carbon content in the smelting process.

The continuous casting mill's continuous ingot casting machinery is fast and its production line complete. At one end, it can sprinkle molten steel and, at the other, put out up-to-standard billets. Its production capacity and technical standards both surpass those of the continuous casting machinery imported from abroad by the Wuhan Iron and Steel Mill.

3. It uses electronic computers for automatic control of production throughout the mill. Baoshan Steel will have 11 process-control computer systems throughout the mill. All major production departments and public facilities will be controlled automatically. There will be a three-level electronic compute network throughout the mill, which links up all production processes under the unified control of the management center. All functions, from ordering goods and assigning production duties to production management and technology management, will be performed by electronic computers, thus ensuring high production, high quality, low cost and safe production. In the first stage of the Baoshan Steel project, 37 large and medium-sized electronic computers and over 200 microcomputers will be installed in all working procedures.

4. It has low energy consumption. Baoshan Steel's overall energy consumption per ton of steel is 0.815 tons of standard coal and has reached advanced world standards. Its consumption of energy resources such as electricity and oxygen per ton of steel have also all reached advanced world standards. The water supply circulation utilization ratio throughout the mill has reached 95 percent.

5. It has high labor productivity. When Baoshan Steel is completely finished and put into operation, its average steel output per staff member and worker will top 130 tons a year, which is over 3-fold higher than the present advanced standard in China of 30 tons.

6. Its environmental protection conditions are good. Baoshan Steel has used advanced overseas iron and steel industry technology in such areas as waste gas, water and residue control, noise control and comprehensive utilization, all of whose major norms have reached quite advanced levels. Afforestation work has also been stressed, and the afforested area will constitute 22 percent of the mill district area.

In summary, the construction of Baoshan Steel will enable the technology and equipment standards of China's iron and steel industry to leap from the 1960's to the late 1970's. Moreover, through digesting, absorbing and creating with Baoshan Steel's advanced technology and equipment, China's other iron and steel enterprise technology and equipment will also take a big step forward. It is understood that the technology and equipment for the first stage of the Baoshan Steel project were basically imported in complete sets. But premised on being not lower than imported standards, the blast furnaces and sintering and coking mills of the second stage of the project will absorb new foreign and domestic technology and be designed and manufactured by China. This shows that China's iron and steel industry has made considerable progress in equipment manufacture and technological standards.

Finally, when the first stage of the Baoshan Steel project is put into operation, it will be able to produce 3 million tons of iron, 3.12 million tons of steel ingots, 500,000 tons of seamless steel pipes and 2.14 million tons of billets, plates and pipes a year. When Baoshan Steel is completely finished in 1990, it will be able to produce 6.7 million tons of steel, 6.5 million tons of iron and 4.22 million tons of steel products a year and also

1.22 million tons of square bases and 200,000 tons of pipes a year to supply to other iron and steel mills. Thus, Baoshan Steel will also certainly play a major role in China's four modernizations.

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